

POSCO and Subsidiaries

**Condensed Consolidated Interim Financial Statements
(Unaudited)
March 31, 2021**

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
POSCO:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of POSCO and its subsidiaries (the "Company"), which comprise the condensed consolidated interim statement of financial position as of March 31, 2021, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed consolidated interim financial statements free of material misstatements due to error or fraud.

Auditor's review responsibility

Our responsibility is to issue a report on the condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No. 1034 "Interim Financial Reporting".

Other matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The consolidated statement of financial position of the Company as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 4, 2021, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Company as of December 31, 2020, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Seoul, Korea
May 14, 2021

This report is effective as of May 14, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position
As of March 31, 2021 and December 31, 2020
(Unaudited)

(in millions of Won)

	<u>Notes</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Assets			
Cash and cash equivalents	21 ₩	4,546,138	4,754,644
Trade accounts and notes receivable, net	4,21,26,27,34	8,953,757	8,120,619
Other receivables, net	5,21,34	1,736,992	1,494,239
Other short-term financial assets	6,21	13,129,801	11,709,209
Inventories	7	10,253,347	9,051,790
Current income tax assets		33,396	49,481
Assets held for sale	8	48,074	34,210
Other current assets	14	<u>740,693</u>	<u>616,623</u>
Total current assets		<u>39,442,198</u>	<u>35,830,815</u>
Long-term trade accounts and notes receivable, net	4,21	76,191	86,423
Other receivables, net	5,21	1,186,717	1,195,962
Other long-term financial assets	6,21	1,710,782	1,561,807
Investments in associates and joint ventures	9	3,896,677	3,876,249
Investment property, net	11	998,405	994,781
Property, plant and equipment, net	12	29,471,591	29,400,141
Intangible assets, net	13	4,348,672	4,449,432
Defined benefit assets, net	19	71,346	86,149
Deferred tax assets		1,356,921	1,335,154
Other non-current assets	14	<u>263,114</u>	<u>270,060</u>
Total non-current assets		<u>43,380,416</u>	<u>43,256,158</u>
Total assets	₩	<u>82,822,614</u>	<u>79,086,973</u>

See accompanying notes to the condensed consolidated interim financial statements

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position, Continued
As of March 31, 2021 and December 31, 2020
(Unaudited)

<i>(in millions of Won)</i>	Notes	March 31, 2021	December 31, 2020
Liabilities			
Trade accounts and notes payable	21,34	₩ 3,807,052	3,755,513
Short-term borrowings and current installments of long-term borrowings	4,15,21	9,198,919	8,677,529
Other payables	16,21,34	2,332,310	1,845,266
Other short-term financial liabilities	17,21	147,511	141,404
Current income tax liabilities		587,682	366,476
Liabilities directly associated with the assets held for sale	8	7	25
Provisions	18,35	356,656	443,273
Other current liabilities	20,26,27	1,858,952	1,625,482
Total current liabilities		18,289,089	16,854,968
Long-term trade accounts and notes payable	21	14,907	22,323
Long-term borrowings, excluding current installments	15,21	12,425,771	11,820,078
Other payables	16,21	698,123	558,924
Other long-term financial liabilities	17,21	51,773	133,588
Defined benefit liabilities, net	19	171,319	141,785
Deferred tax liabilities		1,361,099	1,320,726
Long-term provisions	18,35	551,287	522,969
Other non-current liabilities	20,26	43,775	37,020
Total non-current liabilities		15,318,054	14,557,413
Total liabilities		33,607,143	31,412,381
Equity			
Share capital	22	482,403	482,403
Capital surplus	22	1,357,038	1,310,547
Hybrid bonds	23	199,384	199,384
Reserves	24	(1,052,788)	(1,380,918)
Treasury shares	25	(2,508,294)	(2,391,523)
Retained earnings		46,784,410	46,111,457
Equity attributable to owners of the controlling company		45,262,153	44,331,350
Non-controlling interests	23	3,953,318	3,343,242
Total equity		49,215,471	47,674,592
Total liabilities and equity		₩ 82,822,614	79,086,973

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries

Condensed Consolidated Interim Statements of Comprehensive Income

For the three-month periods ended March 31, 2021 and 2020

(Unaudited)

(in millions of Won, except per share information)

	Notes	March 31, 2021	March 31, 2020
Revenue	26,27,34,37	₩ 16,068,723	14,545,813
Cost of sales	7,27,31,34	(13,930,948)	(13,235,530)
Gross profit		2,137,775	1,310,283
Selling and administrative expenses	31,34		
Reversal of (impairment loss on) trade accounts and notes receivable		6,155	(9,987)
Other administrative expenses	28	(506,321)	(477,067)
Selling expenses	28	(85,168)	(117,978)
Operating profit		1,552,441	705,251
Share of profit of equity-accounted investees, net	9	78,000	31,664
Finance income and costs	21,29		
Finance income		795,544	1,319,425
Finance costs		(866,299)	(1,345,277)
Other non-operating income and expenses	34		
Impairment loss on other receivables		(6,606)	(1,197)
Other non-operating income	30	129,971	64,301
Other non-operating expenses	30,31	(123,492)	(113,764)
Profit before income tax	37	1,559,559	660,403
Income tax expense	32,37	(420,780)	(225,745)
Profit		1,138,779	434,658
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans	19	(1,725)	(3,850)
Net changes in fair value of equity investments at fair value through other comprehensive income	21	92,006	(202,836)
Items that are or may be reclassified subsequently to profit or loss:			
Capital adjustment arising from investments in equity-accounted investees		88,099	(61,206)
Foreign currency translation differences		162,706	(4,434)
Gains or losses on valuation of derivatives	21	(14)	(57)
Other comprehensive income (loss), net of tax		341,072	(272,383)
Total comprehensive income	₩	1,479,851	162,275
Profit attributable to:			
Owners of the controlling company	₩	1,024,736	395,393
Non-controlling interests		114,043	39,265
Profit	₩	1,138,779	434,658
Total comprehensive income attributable to :			
Owners of the controlling company	₩	1,350,510	129,987
Non-controlling interests		129,341	32,288
Total comprehensive income	₩	1,479,851	162,275
Basic and diluted earnings per share (in Won)	33	13,477	4,915

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity
For the three-month periods ended March 31, 2021 and 2020
(Unaudited)

(in millions of Won)

	Attributable to owners of the controlling company							Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
Balance as of January 1, 2020	₩ 482,403	1,376,251	199,384	(1,157,980)	(1,508,303)	45,080,117	44,471,872	3,322,835	47,794,707
Comprehensive income:									
Profit	-	-	-	-	-	395,393	395,393	39,265	434,658
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(4,084)	(4,084)	234	(3,850)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	(67,770)	-	-	(67,770)	6,564	(61,206)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(201,529)	-	(1,307)	(202,836)	-	(202,836)
Foreign currency translation differences, net of tax	-	-	-	9,338	-	-	9,338	(13,772)	(4,434)
Gains or losses on valuation of derivatives, net of tax	-	-	-	(54)	-	-	(54)	(3)	(57)
Total comprehensive income	-	-	-	(260,015)	-	390,002	129,987	32,288	162,275
Transactions with owners of the controlling company, recognized directly in equity:									
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)	(59,655)	(380,117)
Changes in ownership interest in subsidiaries	-	(2,792)	-	-	-	-	(2,792)	125,410	122,618
Repayment of redeemable convertible preferred shares	-	(33,581)	-	-	-	-	(33,581)	(245,000)	(278,581)
Interest of hybrid bonds	-	-	-	-	-	(2,294)	(2,294)	(1,838)	(4,132)
Others	-	(39)	-	-	-	(8,051)	(8,090)	5,707	(2,383)
Total transactions with owners of the controlling company	-	(36,412)	-	-	-	(330,807)	(367,219)	(175,376)	(542,595)
Balance as of March 31, 2020	₩ 482,403	1,339,839	199,384	(1,417,995)	(1,508,303)	45,139,312	44,234,640	3,179,747	47,414,387

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity, Continued
For the three-month periods ended March 31, 2021 and 2020
(Unaudited)

(in millions of Won)

	Attributable to owners of the controlling company							Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
Balance as of January 1, 2021	₩ 482,403	1,310,547	199,384	(1,380,918)	(2,391,523)	46,111,457	44,331,350	3,343,242	47,674,592
Comprehensive income:									
Profit	-	-	-	-	-	1,024,736	1,024,736	114,043	1,138,779
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(254)	(254)	(1,471)	(1,725)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	90,686	-	-	90,686	(2,587)	88,099
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	94,108	-	(2,102)	92,006	-	92,006
Foreign currency translation differences, net of tax	-	-	-	143,370	-	-	143,370	19,336	162,706
Gains or losses on valuation of derivatives, net of tax	-	-	-	(34)	-	-	(34)	20	(14)
Total comprehensive income	-	-	-	328,130	-	1,022,380	1,350,510	129,341	1,479,851
Transactions with owners of the controlling company, recognized directly in equity:									
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)	(57,375)	(399,940)
Changes in ownership interest in subsidiaries	-	52,182	-	-	-	-	52,182	539,053	591,235
Interest of hybrid bonds	-	-	-	-	-	(2,268)	(2,268)	(1,799)	(4,067)
Acquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)	-	(116,771)
Others	-	(5,691)	-	-	-	(4,594)	(10,285)	856	(9,429)
Total transactions with owners of the controlling company	-	46,491	-	-	(116,771)	(349,427)	(419,707)	480,735	61,028
Balance as of March 31, 2021	₩ 482,403	1,357,038	199,384	(1,052,788)	(2,508,294)	46,784,410	45,262,153	3,953,318	49,215,471

See accompanying notes to the condensed consolidated interim financial statement

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
For the three-month periods ended March 31, 2021 and 2020
(Unaudited)

(in millions of Won)

	Notes	March 31, 2021	March 31, 2020
Cash flows from operating activities			
Profit	₩	1,138,779	434,658
Adjustments for:			
Depreciation		788,318	770,170
Amortization		110,780	114,287
Finance income		(517,135)	(914,256)
Finance costs		601,541	993,094
Income tax expense		420,780	225,745
Impairment loss on property, plant and equipment		16,892	78
Gain on disposal of property, plant and equipment		(3,323)	(4,835)
Loss on disposal of property, plant and equipment		18,657	40,671
Impairment loss on other intangible assets		7,183	423
Gain on disposal of investments			
in subsidiaries, associates and joint ventures		(3,842)	(3,969)
Loss on disposal of investments			
in subsidiaries, associates and joint ventures		1,104	4,952
Share of profit of equity-accounted investees		(78,000)	(31,664)
Expenses related to post-employment benefit		62,493	62,608
Impairment loss on trade and other receivables		451	11,184
Loss on valuation of inventories		26,977	97,504
Increase to provisions		(2,502)	17,009
Others, net		(23,156)	5,243
		<u>1,427,218</u>	<u>1,388,244</u>
Changes in operating assets and liabilities	36	(1,883,160)	123,104
Interest received		51,813	73,960
Interest paid		(119,697)	(139,460)
Dividends received		90,685	35,927
Income taxes paid		(134,770)	(191,110)
Net cash provided by operating activities	₩	<u>570,868</u>	<u>1,725,323</u>

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows, Continued
For the three-month periods ended March 31, 2021 and 2020
(Unaudited)

(in millions of Won)

	Notes	March 31, 2021	March 31, 2020
Cash flows from investing activities			
Acquisitions of short-term financial instruments	₩	(10,444,413)	(9,143,509)
Proceeds from disposal of short-term financial instruments		8,993,223	7,807,693
Increase in loans		(160,590)	(401,063)
Collection of loans		235,136	479,949
Acquisitions of securities		(90,882)	(199,977)
Proceeds from disposal of securities		170,646	211,015
Acquisitions of investment in associates and joint ventures		(26,897)	(54,564)
Proceeds from disposal of investment in associates and joint ventures		4,421	3,347
Acquisitions of investment property		-	(3,115)
Acquisitions of property, plant and equipment		(537,878)	(937,795)
Proceeds from disposal of property, plant and equipment		(3,940)	17,837
Acquisitions of intangible assets		(43,161)	(109,420)
Proceeds from disposal of intangible assets		3,357	10,463
Proceeds from disposal of assets held for sale		29	590
Collection of lease receivables		16,202	14,990
Others, net		528	(503)
Net cash used in investing activities		(1,884,219)	(2,304,062)
Cash flows from financing activities			
Proceeds from borrowings		559,981	1,822,765
Repayment of borrowings		(488,762)	(383,099)
Proceeds from short-term borrowings, net		574,287	877,646
Capital contribution from non-controlling interests		597,356	125,410
Payment of cash dividends		(1,567)	(1,363)
Acquisition of treasury shares		(116,771)	-
Payment of interest of hybrid bonds		(4,087)	(4,132)
Repayment of lease liabilities		(63,340)	(46,443)
Repayment of redeemable convertible preferred shares		-	(278,581)
Others, net		(5,067)	123
Net cash provided by financing activities		1,052,030	2,112,326
Effect of exchange rate fluctuation on cash held		52,815	32,737
Net increase(decrease) in cash and cash equivalents		(208,506)	1,566,324
Cash and cash equivalents at beginning of the period	8	4,755,578	3,515,246
Cash and cash equivalents at end of the period	8	₩ 4,547,072	5,081,570

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of March 31, 2021

(Unaudited)

1. General Information

General information about POSCO, its 34 domestic subsidiaries including POSCO ENGINEERING & CONSTRUCTION CO., LTD., 132 foreign subsidiaries including POSCO America Corporation (collectively "the Company") and its 131 associates and joint ventures are as follows:

(a) The controlling company

POSCO, the controlling company, was incorporated on April 1, 1968, under the Commercial Code of the Republic of Korea to manufacture and sell steel rolled products and plates in the domestic and foreign markets.

The shares of POSCO have been listed on the Korea Exchange since June 10, 1988. POSCO owns and operates two steel plants (Pohang and Gwangyang) and one office in Korea and it also operates internationally through five of its overseas liaison offices.

As of March 31, 2021, the shares of the POSCO are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchange.

(b) Consolidated subsidiaries acquired or newly established during the three-month period ended March 31, 2021, were as follows:

Company	Date of inclusion	Ownership (%)	Reason
Poland Legnica Sourcing Center Sp. z o.o	February 2021	100.00	New establishment

(c) Subsidiaries for which the Company has lost control during the three-month period ended March 31, 2021, are as follows:

Company	Date of exclusion	Reason
POSCO E&C Mongolia	January 2021	Liquidation

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

2. Statement of Compliance

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the *Act on External Audit of Stock Companies, etc.* in the Republic of Korea.

These condensed consolidated interim financial statements have been prepared in accordance with K-IFRS No. 1034 "Interim Financial Reporting" as part of the period covered by the Company's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as of and for the year ended December 31, 2020. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(b) Measurement of fair value

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 - inputs for the assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Summary of Significant Accounting Policies

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2020. The Company also expects to apply the accounting policies set out below for their annual reporting period ending December 31, 2021.

(a) K-IFRS No. 1116 "Lease"- COVID-19 Related Rent Concessions

The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications. The Company is required to disclose the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

(b) K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments : Recognition and Measurement", K-IFRS No. 1107 "Financial Instruments : Disclosures", K-IFRS No. 1104 "Insurance Contracts", K-IFRS No. 1116 "Lease" – Interest Rate Benchmark Reform

Market-wide interest rate benchmark reform requires disclosure of exceptions to practical expedients and discontinuation of hedge accounting in accordance with K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments : Recognition and Measurement", K-IFRS No. 1107 "Financial Instruments : Disclosures", K-IFRS No. 1104 "Insurance Contracts", K-IFRS No. 1116 "Lease". The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Current			
Trade accounts and notes receivable	₩	8,334,832	7,471,916
Finance lease receivables		42,180	41,841
Due from customers for contract work		919,346	948,879
Less: Allowance for doubtful accounts		(342,601)	(342,017)
	₩	<u>8,953,757</u>	<u>8,120,619</u>
Non-current			
Trade accounts and notes receivable	₩	120,830	131,010
Finance lease receivables		-	46
Less: Allowance for doubtful accounts		(44,639)	(44,633)
	₩	<u>76,191</u>	<u>86,423</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position, because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of March 31, 2021, and December 31, 2020, the carrying amounts of such secured borrowings are ₩ 231,407 million and ₩ 328,807 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

5. Other Receivables

Other receivables as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Current			
Loans	₩	256,651	258,735
Other accounts receivable		1,019,123	835,791
Accrued income		374,600	298,157
Deposits		75,539	82,884
Others		14,380	18,015
Lease receivables		65,747	68,198
Less: Allowance for doubtful accounts		(69,048)	(67,541)
	₩	<u>1,736,992</u>	<u>1,494,239</u>
Non-current			
Loans	₩	805,557	798,287
Other accounts receivable		192,379	197,304
Accrued income		68,551	86,920
Deposits		307,795	284,588
Lease receivables		123,905	128,366
Less: Allowance for doubtful accounts		(311,470)	(299,503)
	₩	<u>1,186,717</u>	<u>1,195,962</u>

6. Other Financial Assets

Other financial assets as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Current			
Derivatives assets	₩	107,849	99,324
Debt securities		84,026	154,154
Deposit instruments(*1,2)		3,945,376	2,322,327
Short-term financial instruments(*2)		8,992,550	9,133,404
	₩	<u>13,129,801</u>	<u>11,709,209</u>
Non-current			
Derivatives assets	₩	42,921	18,551
Equity securities(*3)		1,229,005	1,120,968
Debt securities		18,701	20,260
Other securities(*3)		385,130	364,404
Deposit instruments(*2)		35,025	37,624
	₩	<u>1,710,782</u>	<u>1,561,807</u>

(*1) As of March 31, 2021 and December 31, 2020, ₩5,967 million and ₩4,881 million, respectively, are restricted in use for government project.

(*2) As of March 31, 2021 and December 31, 2020, financial instruments amounting to ₩101,122 million and ₩46,855 million, respectively, are restricted in use for financial arrangements, pledge and others.

(*3) As of March 31, 2021 and December 31, 2020, ₩138,263 million and ₩113,674 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

7. Inventories

Inventories as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Finished goods	₩	1,463,696	1,285,552
Merchandise		753,944	751,245
Semi-finished goods		1,833,102	1,626,855
Raw materials		2,459,076	1,980,518
Fuel and materials		847,433	876,593
Construction inventories		859,837	936,813
Materials-in-transit		2,080,200	1,664,770
Others		65,852	61,086
		<u>10,363,140</u>	<u>9,183,432</u>
Less: Allowance for inventories valuation		<u>(109,793)</u>	<u>(131,642)</u>
	₩	<u>10,253,347</u>	<u>9,051,790</u>

The amounts of loss on valuation of inventories recognized in cost of sales during the three-month period ended March 31, 2021 and the year ended December 31, 2020 were ₩26,977 million and ₩54,014 million, respectively.

8. Assets Held for Sale

Details of assets held for sale as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

(in millions of Won)		March 31, 2021			December 31, 2020		
		The controlling company(*1)	Subsidiaries	Total	The controlling company(*1)	Subsidiaries	Total
Asset							
Cash and cash equivalents(*2)	₩	-	934	934	-	934	934
Other financial assets		-	273	273	-	273	273
Property, plant and equipment		36,308	-	36,308	32,244	40	32,284
Intangible Assets		9,841	-	9,841	-	-	-
Others		-	718	718	-	719	719
	₩	<u>46,149</u>	<u>1,925</u>	<u>48,074</u>	<u>32,244</u>	<u>1,966</u>	<u>34,210</u>
Liability							
Others	₩	-	7	7	-	25	25

(*1) During the year ended December 31, 2019, the Company decided to dispose individual assets for which use was discontinued, such as CEM plants, and classified the assets as held for sale. During the year ended December 31, 2020 the Company recognized ₩5,030 million of impairment loss for the difference between the fair value less cost to sell and the carrying amount of the assets.

(*2) Cash and cash equivalents in the statement of cash flows include cash and cash equivalents that are classified as assets held for sale.

POSCO and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements, Continued
As of March 31, 2021
(Unaudited)

9. Investments in Associates and Joint ventures

(a) Details of investments in associates as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

Company	March 31, 2021			December 31, 2020	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	178,691,901,565	36.34	₩ 178,787	₩ 175,604	175,939
Samcheok Blue Power Co.,Ltd.(*1)	4,507,138	34.00	179,410	140,934	145,092
SNNC	18,130,000	49.00	90,650	162,325	160,332
QSONE Co.,Ltd.	200,000	50.00	84,395	85,169	86,004
Chun-cheon Energy Co., Ltd.(*1)	17,308,143	49.10	86,541	24,519	23,913
Western Inland highway CO.,LTD.	9,533,364	29.40	47,667	44,866	45,070
Nextrain Co., Ltd.(*1)	9,904,000	20.01	49,520	47,442	47,364
Metropolitan Outer Ring Expressway co., ltd.(*1)	3,545,306	21.46	17,727	16,979	13,721
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	2,008,000	29.53	10,040	16,353	17,137
Daesung Steel(*2)	108,038	17.54	14,000	17,333	16,990
PCC Amberstone Private Equity Fund 1(*2)	8,570,603,277	8.80	8,453	9,172	9,230
Others (59 companies)(*1)				91,047	103,472
				<u>831,743</u>	<u>844,264</u>
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	132,907	214,778	199,342
AES-VCM Mong Duong Power Company Limited(*1)	-	30.00	164,303	174,705	158,777
9404-5515 Quebec Inc.(*2)	114,452,000	10.40	124,341	130,784	123,296
Eureka Moly LLC	-	20.00	240,123	45,340	43,520
AMCI (WA) PTY LTD	49	49.00	209,664	72,858	71,732
NCR LLC	-	22.10	62,116	56,396	46,608
KOREA LNG LTD.	2,400	20.00	135,205	25,293	42,229
Nickel Mining Company SAS	3,234,698	49.00	157,585	46,821	40,890
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	134,400,000	40.00	22,423	22,743	22,147
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,200,000	34.00	9,517	15,900	15,181
PT. Wampu Electric Power(*1)	8,708,400	20.00	10,054	14,041	12,716
PT. Batutua Tembaga Raya	128,285	22.00	21,824	126	15
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	7,701	7,110
Others (25 companies)(*1)				113,446	105,006
				<u>940,932</u>	<u>888,569</u>
				<u>₩ 1,772,675</u>	<u>1,732,833</u>

(*1) As of March 31, 2021 and December 31, 2020, investments in associates amounting to ₩430,113 million and ₩410,573 million, respectively, are provided as collateral in relation to the associates' borrowings.

(*2) As of March 31, 2021, it was classified as an associate even though the Company's ownership percentage is less than 20% of ownership percentage since the Company has significant influence over the investee when considering its structure of the Board of Directors and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(b) Details of investments in joint ventures as of March 31, 2021 and December 31, 2020 are as follows:

Company	March 31, 2021				December 31, 2020
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
[Domestic]					
POSCO MITSUBISHI CARBON TECHNOLOGY	11,568,000	60.00	₩ 115,680	₩ 157,825	153,457
Others (6 companies)				9,746	14,014
				<u>167,571</u>	<u>167,471</u>
[Foreign]					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,377,846	1,418,056
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	368,512	353,725
KOBRASCO	2,010,719,185	50.00	32,950	56,443	54,400
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	25.00	61,961	95,264	91,270
DMSA/AMSA(*1,2)	-	4.27	406,556	29,721	31,104
CSP - Compania Siderurgica do Pecem	1,581,419,343	20.00	676,060	-	-
Others (10 companies)				28,645	27,390
				<u>1,956,431</u>	<u>1,975,945</u>
				<u>₩ 2,124,002</u>	<u>2,143,416</u>

(*1) As of March 31, 2021 and December 31, 2020, the investments in joint ventures are provided as collateral in relation to the joint ventures' borrowings.

(*2) All of the shareholders of the joint venture entered into financial support agreement with lenders on behalf of the joint venture to extend the maturity of the loans granted to the joint venture by the lenders. However, the Company believes the shareholders' financial support agreement is invalid and is currently in arbitration process for annulment. The Company's obligation to provide financial support is currently on hold and may change depending on the result of the arbitration.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(c) The movements of investments in associates and joint ventures for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

Company	December 31, 2020 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	March 31, 2021 Book value
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,939	-	-	(335)	-	175,604
Samcheok Blue Power Co., Ltd.	145,092	-	-	(1,536)	(2,622)	140,934
SNNC	160,332	-	(1,469)	3,462	-	162,325
OSONE Co., Ltd.	86,004	-	(1,140)	305	-	85,169
Chun-cheon Energy Co., Ltd.	23,913	-	-	790	(184)	24,519
Western Inland highway CO., LTD.	45,070	-	-	(243)	39	44,866
Nextrain Co., Ltd.	47,364	-	-	(53)	131	47,442
Metropolitan Outer Ring Expressway co., Ltd.	13,721	3,616	-	(358)	-	16,979
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,137	-	-	(784)	-	16,353
Daesung Steel	16,990	-	-	343	-	17,333
PCC Amberstone Private Equity Fund 1	9,230	-	(171)	200	(87)	9,172
POSCO MITSUBISHI CARBON TECHNOLOGY	153,457	-	-	4,368	-	157,825
Others (65 companies)	117,486	4,105	(327)	-	(20,471)	100,793
	<u>1,011,735</u>	<u>7,721</u>	<u>(3,107)</u>	<u>6,159</u>	<u>(23,194)</u>	<u>999,314</u>
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.	199,342	-	(5,656)	12,548	8,544	214,778
AES-VCN Mong Duong Power Company Limited	158,777	-	-	9,253	6,675	174,705
9404-5515 Quebec Inc.	123,296	-	(3,798)	6,001	5,285	130,784
Eureka Moly LLC	43,520	-	-	-	1,820	45,340
AMCI (WA) PTY LTD	71,732	-	-	(998)	2,124	72,858
NCR LLC	46,608	8,176	-	(303)	1,915	56,396
KOREA LNG LTD.	42,229	-	(1,713)	1,719	(16,942)	25,293
Nickel Mining Company SAS	40,890	-	-	6,300	(369)	46,821
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,147	-	-	(117)	713	22,743
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	15,181	-	-	138	581	15,900
PT. Wampu Electric Power	12,716	-	-	400	925	14,041
PT. Batutua Tembaga Raya	15	-	-	(21)	132	126
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,110	-	-	220	371	7,701
Roy Hill Holdings Pty Ltd	1,418,056	-	(145,095)	51,246	53,639	1,377,846
POSCO-NPS Niobium LLC	353,725	-	(6,640)	6,539	14,888	368,512
KOBRASCO	54,400	-	-	5,663	(3,620)	56,443
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	91,270	-	-	1,235	2,759	95,264
DMSA/AMSA	31,104	-	-	(6,180)	4,797	29,721
CSP - Companhia Siderurgica do Pecem	-	19,176	-	(27,815)	8,639	-
Others (36 companies)	132,396	-	(223)	6,013	3,905	142,091
	<u>2,864,514</u>	<u>27,352</u>	<u>(163,125)</u>	<u>71,841</u>	<u>96,781</u>	<u>2,897,363</u>
₩	<u>3,876,249</u>	<u>35,073</u>	<u>(166,232)</u>	<u>78,000</u>	<u>73,587</u>	<u>3,896,677</u>

(*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

2) For the year ended December 31, 2020

(in millions of Won)

Company	December 31, 2019 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*)1	December 31, 2020 Book value
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,907	-	-	34	(2)	175,939
Samcheok Blue Power Co., Ltd.	161,280	-	-	(5,262)	(10,926)	145,092
SNNC	142,602	-	(2,901)	18,701	1,930	160,332
QSONE Co., Ltd.	85,887	-	(1,140)	1,257	-	86,004
Chun-cheon Energy Co., Ltd.	56,679	-	-	(33,173)	407	23,913
Western Inland highway CO., LTD.	5,115	42,246	-	(2,294)	3	45,070
Nextrain Co., Ltd.	41,447	7,910	-	(2,786)	793	47,364
Metropolitan Outer Ring Expressway co., Ltd.	8,343	5,573	-	(195)	-	13,721
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,824	-	-	(687)	-	17,137
Daesung Steel	15,375	-	-	(514)	2,129	16,990
PCC Amberstone Private Equity Fund 1	9,570	-	(715)	589	(214)	9,230
POSCO MITSUBISHI CARBON TECHNOLOGY	162,648	-	(19,401)	(9,794)	4	153,457
Others (65 companies)	135,890	22,145	(1,328)	(28,128)	(11,093)	117,486
	<u>1,038,567</u>	<u>77,874</u>	<u>(25,485)</u>	<u>(62,252)</u>	<u>(16,969)</u>	<u>1,011,735</u>
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.	225,933	-	(56,760)	45,941	(15,772)	199,342
AES-VCM Mong Duong Power Company Limited	178,892	-	(16,053)	37,092	(41,154)	158,777
9404-5515 Quebec Inc.	131,529	-	(11,672)	10,963	(7,524)	123,296
Eureka Moly LLC	85,349	-	-	(39,801)	(2,028)	43,520
AMCI (WA) PTY LTD	72,937	-	-	(6,561)	5,356	71,732
NCR LLC	46,391	4,196	-	(1,452)	(2,527)	46,608
KOREA LNG LTD.	46,557	-	(7,755)	7,681	(4,254)	42,229
Nickel Mining Company SAS	37,940	-	-	1,473	1,477	40,890
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,356	-	-	(384)	175	22,147
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	15,128	-	-	(80)	133	15,181
PT. Wampu Electric Power	13,363	-	(559)	1,411	(1,499)	12,716
PT. Batutua Tembaga Raya	14,717	-	-	(14,883)	181	15
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	6,755	-	-	279	76	7,110
Roy Hill Holdings Pty Ltd	1,235,682	-	(113,985)	234,693	61,666	1,418,056
POSCO-NPS Niobium LLC	376,410	-	(11,244)	11,449	(22,890)	353,725
KOBRASCO	115,641	-	(37,922)	8,443	(31,762)	54,400
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	88,935	-	-	1,790	545	91,270
DMSA/AMSA	12,189	60,278	-	(33,305)	(8,058)	31,104
CSP - Companhia Siderurgica do Pecem	-	62,711	-	(60,708)	(2,003)	-
Others (36 companies)	162,484	-	(12,114)	(8,492)	(9,482)	132,396
	<u>2,889,188</u>	<u>127,185</u>	<u>(268,064)</u>	<u>195,549</u>	<u>(79,344)</u>	<u>2,864,514</u>
₩	<u>3,927,755</u>	<u>205,059</u>	<u>(293,549)</u>	<u>133,297</u>	<u>(96,313)</u>	<u>3,876,249</u>

(*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals, change in capital adjustments effect from translations of financial statements of foreign investees and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(d) Summarized financial information of associates and joint ventures as of and for the three-month period ended March 31, 2021 and the year ended December 31, 2020 are as follows:

1) March 31, 2021

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 472,464	548	471,916	-	(924)
Samcheok Blue Power Co., Ltd.	1,312,044	851,879	460,165	-	(1,196)
SNNC	594,468	232,830	361,638	160,075	11,038
QSONE Co., Ltd.	251,407	81,069	170,338	4,070	611
Chun-cheon Energy Co., Ltd	618,093	524,179	93,914	76,384	1,063
Western Inland highway CO., LTD.	164,586	6,618	157,968	-	(459)
Nextrain Co., Ltd.	315,804	73,232	242,572	-	(549)
Metropolitan Outer Ring Expressway co., Ltd.	114,467	34,365	80,102	-	(221)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	54,408	29,340	25,068	-	(2,653)
Daesung Steel	170,068	102,640	67,428	22,614	1,951
PCC Amberstone Private Equity Fund 1	104,936	670	104,266	3,200	2,269
POSCO MITSUBISHI CARBON TECHNOLOGY	455,880	192,050	263,830	35,151	8,052
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	1,560,514	702,784	857,730	109,335	50,111
AES-VCM Mong Duong Power Company Limited	1,742,931	1,177,182	565,749	101,645	30,842
9404-5515 Quebec Inc.	1,271,926	2,228	1,269,698	-	57,698
KOREA LNG LTD.	126,773	307	126,466	9,128	8,596
Nickel Mining Company SAS	449,973	312,686	137,287	54,199	2,024
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	95,593	38,915	56,678	2,482	(291)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	77,940	25,589	52,351	29,069	406
PT. Wampu Electric Power	202,071	134,910	67,161	4,715	2,002
PT. Batutua Tembaga Raya	406,282	404,091	2,191	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	71,159	40,273	30,886	23,397	749
Roy Hill Holdings Pty Ltd	9,555,573	2,856,625	6,698,948	1,219,082	522,547
POSCO-NPS Niobium LLC	736,821	-	736,821	-	10,861
KOBRASCO	120,970	8,084	112,886	19,699	11,326
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	839,252	485,063	354,189	464,171	4,940
DMSA/AMSA	5,151,259	2,582,834	2,568,425	2,457	(168,759)
CSP - Companhia Siderurgica do Pecem	3,168,026	3,687,716	(519,690)	518,256	191,309

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

2) December 31, 2020

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 473,415	575	472,840	-	8,534
Samcheok Blue Power Co., Ltd.	1,169,343	700,266	469,077	-	(5,994)
SNNC	592,568	238,971	353,597	698,712	39,826
QSONE Co., Ltd.	251,190	79,182	172,008	17,075	2,513
Chun-cheon Energy Co., Ltd.	609,815	516,963	92,852	222,066	(24,617)
Western Inland highway CO., LTD.	158,679	2,534	156,145	-	(1,714)
Nexttrain Co., Ltd.	303,359	74,738	228,621	-	(2,636)
Metropolitan Outer Ring Expressway co., Ltd.	98,510	34,360	64,150	-	(920)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	54,832	27,111	27,721	6,672	(2,326)
Daesung Steel	172,088	106,611	65,477	85,158	(2,930)
PCC Amberstone Private Equity Fund 1	104,933	5	104,928	12,280	6,694
POSCO MITSUBISHI CARBON TECHNOLOGY	446,067	190,289	255,778	112,173	(15,603)
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	1,515,828	719,745	796,083	458,806	183,465
AES-VCM Mong Duong Power Company Limited	1,599,095	1,086,440	512,655	336,174	121,644
9404-5515 Quebec Inc.	1,197,702	3	1,197,699	-	105,411
KOREA LNG LTD.	211,497	353	211,144	40,086	38,370
Nickel Mining Company SAS	445,140	308,885	136,255	223,427	(8,353)
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	72,001	16,812	55,189	3,236	(1,086)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	71,805	21,486	50,319	104,537	(237)
PT. Wampu Electric Power	199,841	139,264	60,577	20,272	7,057
PT. Batutua Tembaga Raya	389,973	387,870	2,103	36,587	(29,714)
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	68,036	38,843	29,193	78,954	1,156
Roy Hill Holdings Pty Ltd	9,271,788	2,161,353	7,110,435	5,993,950	2,299,529
POSCO-NPS Niobium LLC	707,247	-	707,247	-	25,406
KOBRASCO	118,676	9,875	108,801	32,854	16,887
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	873,174	534,961	338,213	1,252,189	7,856
DMSA/AMSA	4,924,371	2,294,881	2,629,490	204,820	(772,396)
CSP - Companhia Siderurgica do Pecem	3,142,831	3,657,314	(514,483)	1,402,742	(623,381)

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

10. Joint Operations

Details of significant joint operations that the Company is participating in as a party to a joint arrangement as of March 31, 2021 are as follows:

Joint operations	Operation	Ownership (%)	Location
Myanmar A-1/A-3 mine	Mine development and gas production	51.00	Myanmar
Offshore Midstream	Gas transportation facility	51.00	Myanmar
Greenhills Mine	Mine development	20.00	Canada
Arctos Anthracite Coal Project	Mine development	50.00	Canada
Mt. Thorley J/V	Mine development	20.00	Australia
POSMAC J/V	Mine development	20.00	Australia
RUM J/V	Mine development	10.00	Australia
Hanam-Gamil package public housing project	Construction	7.70	Korea
Hanam-Gamil district B6, C2, C3 Block public housing lot development project	Construction	27.00	Korea
Yangsan-Sasong district public housing project(private-participation)	Construction	19.92	Korea
Yangsan-Sasong district public housing project	Construction	49.00	Korea
Sejong 2-1 P3 Block public housing project	Construction	37.00	Korea
Yongin-Giheung Station area city development project	Construction	61.00	Korea
Korean wave world complex land multi-purpose building development project	Construction	33.30	Korea
Sejong 4-1 P3 Block public housing project	Construction	60.00	Korea

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

11. Investment Property, Net

Changes in the carrying amount of investment property for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

(a) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Depreciation	Others(*1)	Ending
Land	₩	279,397	(1)	-	(4,280)	275,116
Buildings		559,584	-	(5,285)	10,181	564,480
Structures		1,199	-	(150)	(72)	977
Right-of-use assets		154,601	-	(1,103)	4,334	157,832
	₩	<u>994,781</u>	<u>(1)</u>	<u>(6,538)</u>	<u>10,163</u>	<u>998,405</u>

(*1) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference, and others.

(b) For the year ended December 31, 2020

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation(*1)	Others(*2)	Ending
Land	₩	278,465	2,814	(183)	-	(1,699)	279,397
Buildings		598,159	385	-	(9,681)	(29,279)	559,584
Structures		1,178	-	-	(610)	631	1,199
Right-of-use assets		425	-	(56)	(3,206)	157,438	154,601
	₩	<u>878,227</u>	<u>3,199</u>	<u>(239)</u>	<u>(13,497)</u>	<u>127,091</u>	<u>994,781</u>

(*1) Includes reversal of impairment loss on investment property recognized by POSCO(Dalian) IT Center Development Co., Ltd., a subsidiary, in relation to its office lease amounting to ₩14,953 million.

(*2) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

12. Property, Plant and Equipment, Net

(a) Changes in the carrying amount of property, plant and equipment for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

1) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1)	Others(*2)	Ending
Land	₩	2,590,087	159	(15)	-	-	13,241	2,603,472
Buildings		4,161,400	2,015	(1,974)	(79,670)	(595)	66,175	4,147,351
Structures		3,025,226	2,753	(149)	(57,877)	(4)	25,603	2,995,552
Machinery and equipment		16,857,307	20,887	(3,541)	(570,615)	(16,293)	272,587	16,560,332
Vehicles		37,156	2,810	(328)	(3,684)	-	398	36,352
Tools		60,301	2,216	(54)	(7,428)	-	10,428	65,463
Furniture and fixtures		127,459	4,414	(368)	(15,479)	-	16,101	132,127
Lease assets		773,700	154,530	(3,803)	(44,777)	-	9,653	889,303
Bearer plants		149,965	-	(17)	(2,250)	-	10,947	158,645
Construction-in-progress		1,617,540	476,451	(4,407)	-	-	(206,590)	1,882,994
	₩	29,400,141	666,235	(14,656)	(781,780)	(16,892)	218,543	29,471,591

(*1) During the three-month period ended March 31, 2021, the Company recognized impairment losses on individual assets that were shut down due to the fire or other loss.

(*2) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1)	Others(*2)	Ending
Land	₩	2,526,059	29,639	(2,633)	-	3,490	33,532	2,590,087
Buildings		4,215,454	13,825	(6,296)	(319,774)	(3,778)	261,969	4,161,400
Structures		2,904,506	85,958	(6,661)	(231,737)	(883)	274,043	3,025,226
Machinery and equipment		17,218,264	138,533	(27,966)	(2,298,951)	(8,080)	1,835,507	16,857,307
Vehicles		32,285	6,475	(546)	(14,599)	-	13,541	37,156
Tools		70,751	20,230	(211)	(38,838)	-	8,369	60,301
Furniture and fixtures		130,132	23,352	(2,908)	(43,832)	(519)	21,234	127,459
Lease assets		774,582	204,699	(9,300)	(172,029)	-	(24,252)	773,700
Bearer plants		124,193	118	(155)	(7,971)	-	33,780	149,965
Construction-in-progress		1,929,747	2,835,921	(7,001)	-	(17,270)	(3,123,857)	1,617,540
	₩	29,925,973	3,358,750	(63,677)	(3,127,731)	(27,040)	(666,134)	29,400,141

(*1) The Company estimated the recoverable amount of individual assets that it ceased their use due to the disposal plan and others at fair value less costs to sell based on sale price or scrap value and recognized an impairment loss since recoverable amounts are less than their carrying amounts for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized impairment losses on damaged assets caused by the fire.

(*2) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(b) Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

1) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	371,719	5,330	(3,479)	10,408	383,978
Buildings and structures		171,760	15,477	(18,368)	(1,733)	167,136
Machinery and equipment		239,181	2,187	(9,953)	3,451	234,866
Vehicles		11,456	4,340	(2,177)	(1,347)	12,272
Ships		106,555	126,361	(4,255)	-	228,661
Others		27,630	835	(7,648)	(595)	20,222
	₩	<u>928,301</u>	<u>154,530</u>	<u>(45,880)</u>	<u>10,184</u>	<u>1,047,135</u>

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	341,767	18,962	(16,397)	27,387	371,719
Buildings and structures		171,112	47,374	(57,593)	10,867	171,760
Machinery and equipment		215,828	86,373	(38,909)	(24,111)	239,181
Vehicles		14,105	6,186	(9,486)	651	11,456
Ships		24,082	111,537	(29,064)	-	106,555
Others		8,113	45,803	(23,786)	(2,500)	27,630
	₩	<u>775,007</u>	<u>316,235</u>	<u>(175,235)</u>	<u>12,294</u>	<u>928,301</u>

(c) The amounts recognized in profit or loss related to leases for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Interest on lease liabilities	₩ 8,954	9,008
Expenses relating to short-term leases	5,294	5,004
Expenses relating to leases of low-value assets	3,827	4,330
	<u>₩ 18,075</u>	<u>18,342</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

13. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill and other intangible assets for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

(a) For the three-month period ended March 31, 2021

(in millions of Won)

		Beginning	Acquisitions	Disposals	Amortization	Impairment loss	Others(*2)	Ending
Goodwill	₩	903,893	-	-	-	-	1,242	905,135
Intellectual property rights		2,170,738	38,260	(279)	(64,819)	-	17,065	2,160,965
Membership(*1)		138,703	28	(59)	(36)	(3)	212	138,845
Development expense		227,111	245	-	(20,331)	-	(31,547)	175,478
Port facilities usage rights		236,272	-	-	(5,230)	-	154	231,196
Exploration and evaluation assets		57,140	1,124	-	(4)	-	805	59,065
Customer relationships		330,247	-	-	(11,120)	-	(8)	319,119
Other intangible assets		385,328	8,273	(5,388)	(9,240)	(7,180)	(12,924)	358,869
	₩	<u>4,449,432</u>	<u>47,930</u>	<u>(5,726)</u>	<u>(110,780)</u>	<u>(7,183)</u>	<u>(25,001)</u>	<u>4,348,672</u>

(*1) Economic useful life of membership is indefinite.

(*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

(b) For the year ended December 31, 2020

(in millions of Won)

		Beginning	Acquisitions	Disposals	Amortization	Impairment loss	Others(*2)	Ending
Goodwill	₩	1,097,809	-	-	-	(189,379)	(4,537)	903,893
Intellectual property rights		2,279,210	136,195	(3,617)	(282,594)	(7,727)	49,271	2,170,738
Membership(*1)		148,078	3,416	(12,340)	(107)	244	(588)	138,703
Development expense		94,339	1,315	(16)	(56,329)	(206)	188,008	227,111
Port facilities usage rights		281,398	-	-	(44,893)	-	(233)	236,272
Exploration and evaluation assets		77,271	14,886	-	-	-	(35,017)	57,140
Customer relationships		374,875	-	-	(44,478)	-	(150)	330,247
Other intangible assets		555,493	159,590	(61,692)	(37,157)	-	(230,906)	385,328
	₩	<u>4,908,473</u>	<u>315,402</u>	<u>(77,665)</u>	<u>(465,558)</u>	<u>(197,068)</u>	<u>(34,152)</u>	<u>4,449,432</u>

(*1) Economic useful life of membership is indefinite.

(*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

14. Other Assets

Other assets as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Current			
Advance payments	₩	385,233	348,753
Prepaid expenses		270,406	181,985
Firm commitment asset		26,745	23,506
Others		58,309	62,379
	₩	<u>740,693</u>	<u>616,623</u>
Non-current			
Long-term advance payments	₩	22,084	21,587
Long-term prepaid expenses		90,535	92,774
Others(*1)		150,495	155,699
	₩	<u>263,114</u>	<u>270,060</u>

(*1) As of March 31, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩94,086 million and ₩121,225 million, respectively, based on the Company's best estimate of the tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

POSCO and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements, Continued
As of March 31, 2021
(Unaudited)

15. Borrowings

(a) Short-term borrowings and current portion of long-term borrowings and others as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	Lenders	Interest rate (%)		March 31, 2021	December 31, 2020
Short-term borrowings					
Bank overdrafts	JP Morgan and others	0.52 ~ 4.71	₩	161,833	146,762
Short-term borrowings	HSBC and others	0.17 ~ 9.00		5,791,907	5,047,633
				<u>5,953,740</u>	<u>5,194,395</u>
Current portion of long-term liabilities					
Current portion of long-term borrowings	Export-Import Bank of Korea and others	0.19 ~ 8.50		861,894	1,067,338
Current portion of debentures	The Goldman Sachs Group, Inc. and others	1.73 ~ 5.25		2,384,250	2,417,339
Less: Current portion of discount on debentures issued				(965)	(1,543)
				<u>3,245,179</u>	<u>3,483,134</u>
			₩	<u>9,198,919</u>	<u>8,677,529</u>

(b) Long-term borrowings, excluding current portion and others as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	Lenders	Interest rate (%)		March 31, 2021	December 31, 2020
Long-term borrowings	Export-Import Bank of Korea and others	0.45 ~ 4.50	₩	3,611,478	3,366,400
Less: Present value discount				(15,586)	(16,058)
Bonds	KB Securities co., Ltd. and others	0.17 ~ 4.00		8,864,375	8,505,485
Less: Discount on debentures issued				(34,496)	(35,749)
			₩	<u>12,425,771</u>	<u>11,820,078</u>

(c) Assets pledged as collateral in regards to the borrowings as of March 31, 2021 are as follows:

(in millions of Won)

	Lenders		Book value	Pledged amount
Cash and cash equivalents	Shinhan Bank and others	₩	23,255	23,501
Property, plant and equipment and Investment property	Korea Development Bank and others		4,491,779	4,922,751
Trade accounts and notes receivable	Korea Development Bank and others		277,074	273,545
Inventories	Export-Import Bank of Korea and others		92,527	12,650
Financial instruments	KB Kookmin Bank and others		25,716	25,716
		₩	<u>4,910,351</u>	<u>5,258,163</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

16. Other Payables

Other payables as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Accounts payable	₩	912,748	800,439
Accrued expenses		683,265	697,087
Dividend payable		401,055	2,703
Lease liabilities		228,123	244,548
Withholdings		107,119	100,489
	₩	<u>2,332,310</u>	<u>1,845,266</u>
Non-current			
Accounts payable	₩	13,006	5,572
Accrued expenses		4,874	4,953
Lease liabilities		626,114	495,127
Long-term withholdings		54,129	53,272
	₩	<u>698,123</u>	<u>558,924</u>

17. Other Financial Liabilities

Other financial liabilities as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Derivative liabilities	₩	87,242	82,859
Financial guarantee liabilities		60,269	58,545
	₩	<u>147,511</u>	<u>141,404</u>
Non-current			
Derivative liabilities	₩	47,051	129,505
Financial guarantee liabilities		4,722	4,083
	₩	<u>51,773</u>	<u>133,588</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

18. Provisions

(a) Provisions as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	March 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Provision for bonus payments	₩ 42,887	47,335	73,441	48,510
Provision for construction warranties	11,334	216,076	9,662	217,435
Provision for legal contingencies and claims(*1)	19,688	69,677	24,275	63,175
Provision for the restoration(*2)	4,626	129,839	5,307	134,438
Others(*3,*4)	278,121	88,360	330,588	59,411
	₩ 356,656	551,287	443,273	522,969

- (*1) The Company recognized probable outflow of resources amounting to ₩65,451 million and ₩59,211 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of March 31, 2021 and December 31, 2020, respectively.
- (*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery, ₩16,225 million as provisions for restoration as of March 31, 2021. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials presently available to recover the land. In addition, the Company has applied a discount rate of 1.26~1.59% to measure present value of these costs.
- (*3) As of March 31, 2021 and December 31, 2020, POSCO ENERGY CO., LTD., and Korea Fuel Cell recognized ₩79,737 million and ₩80,842 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.
- (*4) The Company has recognized emission liabilities of ₩ 86,039 million for greenhouse gas emissions exceeding the quantity of free quota emission rights expected to be submitted as of March 31, 2021.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(b) Changes in provisions for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Beginning	Increase	Utilization	Reversal	Others(*1)	Ending
Provision for bonus payments	₩ 121,951	22,045	(51,233)	(1,517)	(1,024)	90,222
Provision for construction warranties	227,097	5,288	(4,846)	(949)	820	227,410
Provision for legal contingencies and claims	87,450	7,080	(6,086)	(385)	1,306	89,365
Provision for the restoration	139,745	1,220	(1,689)	(10,146)	5,335	134,465
Others	389,999	70,443	(44,133)	(50,034)	206	366,481
	₩ 966,242	106,076	(107,987)	(63,031)	6,643	907,943

(*1) Includes adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2020

(in millions of Won)

	Beginning	Increase	Utilization	Reversal	Others(*1)	Ending
Provision for bonus payments	₩ 123,669	106,855	(109,835)	(6,334)	7,596	121,951
Provision for construction warranties	170,428	86,691	(23,916)	(5,311)	(795)	227,097
Provision for legal contingencies and claims	84,484	30,894	(16,444)	(9,087)	(2,397)	87,450
Provision for the restoration	87,303	67,501	(6,525)	(15,811)	7,277	139,745
Others	352,765	349,639	(142,440)	(133,294)	(36,671)	389,999
	₩ 818,649	641,580	(299,160)	(169,837)	(24,990)	966,242

(*1) Includes adjustments of foreign currency translation differences and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

19. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Expense related to post-employment benefit plans under defined contribution plans	₩ 12,181	13,202

(b) Defined benefit plan

- 1) The amounts recognized in relation to net defined benefit liabilities in the statements of financial position as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	March 31, 2021	December 31, 2020
Present value of funded obligations	₩ 2,421,290	2,439,938
Fair value of plan assets(* 1)	(2,336,282)	(2,397,717)
Present value of non-funded obligations	14,964	13,415
Net defined benefit liabilities	₩ 99,972	55,636

(*1) As of March 31, 2021 and December 31, 2020, the Company recognized net defined benefit assets amounting to ₩71,346 million and ₩86,149 million respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

- 2) Changes in present value of defined benefit obligations for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	December 31, 2020
Defined benefit obligation at the beginning of period	₩ 2,453,353	2,431,880
Current service costs	62,339	245,047
Interest costs	12,593	47,485
Remeasurements	1,630	(52,732)
Benefits paid	(95,599)	(225,293)
Others	1,938	6,966
Defined benefit obligation at the end of period	₩ 2,436,254	2,453,353

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Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

- 3) Changes in fair value of plan assets for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Fair value of plan assets at the beginning of period	₩	2,397,717	2,255,149
Interest on plan assets		12,439	44,208
Remeasurement of plan assets		(1,474)	(600)
Contributions to plan assets		151	307,367
Benefits paid		(72,429)	(213,246)
Others		(122)	4,839
Fair value of plan assets at the end of period	₩	<u>2,336,282</u>	<u>2,397,717</u>

- 4) The amounts recognized in condensed consolidated interim statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		March 31, 2021	March 31, 2020
Current service costs	₩	62,339	61,309
Net interest costs		154	1,299
	₩	<u>62,493</u>	<u>62,608</u>

20. Other Liabilities

Other liabilities as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Due to customers for contract work	₩	926,056	807,465
Advances received		451,634	416,960
Unearned revenue		41,345	24,433
Withholdings		394,539	332,327
Firm commitment liability		36,927	35,993
Others		8,451	8,304
	₩	<u>1,858,952</u>	<u>1,625,482</u>
Non-current			
Unearned revenue	₩	23,997	17,953
Others		19,778	19,067
	₩	<u>43,775</u>	<u>37,020</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

21. Financial Instruments

(a) Classification and fair value of financial instruments

- 1) The carrying amount and fair values of financial assets and financial liabilities by fair value hierarchy as of March 31, 2021 and December 31, 2020 are as follows:

① March 31, 2021

(in millions of Won)

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 114,889	-	114,889	-	114,889
Short-term financial instruments	8,992,550	-	8,992,550	-	8,992,550
Debt securities	20,856	-	-	20,856	20,856
Other securities	385,130	39,052	2,348	343,730	385,130
Other receivables	2,000	-	-	2,000	2,000
Derivative hedging instruments(*2)	35,881	-	35,881	-	35,881
Fair value through other comprehensive income					
Equity securities	1,229,005	1,085,371	-	143,634	1,229,005
Debt securities	726	-	-	726	726
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	4,546,138	-	-	-	-
Trade accounts and notes receivable	8,181,380	-	-	-	-
Other receivables	2,489,835	-	-	-	-
Debt securities	81,146	-	-	-	-
Deposit instruments	3,980,401	-	-	-	-
	₩ 30,059,937	1,124,423	9,145,668	510,946	10,781,037
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 101,114	-	101,114	-	101,114
Derivative hedging instruments(*2)	33,179	-	33,179	-	33,179
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	3,821,959	-	-	-	-
Borrowings	21,624,690	-	22,003,462	-	22,003,462
Financial guarantee liabilities	64,991	-	-	-	-
Others	2,945,773	-	-	-	-
	₩ 28,591,706	-	22,137,755	-	22,137,755

- (*1) Fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.
- (*2) The Company applies hedge accounting which uses forward contracts as hedging instrument in order to hedge the risk of changes in fair value of product prices regarding firm commitments or purchase commitments. Also, the Company applies cash flow hedge accounting which uses currency swap as hedging instrument in order to hedge the risk of interest rate and foreign exchange rate changes in foreign currency which influences cash flow from borrowings.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

② December 31, 2020

(in millions of Won)

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 79,995	-	79,995	-	79,995
Short-term financial instruments	9,133,404	-	9,133,404	-	9,133,404
Debt securities	20,797	-	-	20,797	20,797
Other securities	364,404	47,321	2,242	314,841	364,404
Other receivables	2,000	-	-	2,000	2,000
Derivative hedging instruments	37,880	-	37,880	-	37,880
Fair value through other comprehensive income					
Equity securities	1,120,968	729,342	-	391,626	1,120,968
Debt securities	2,471	-	-	2,471	2,471
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	4,754,644	-	-	-	-
Trade accounts and notes receivable	7,332,890	-	-	-	-
Other receivables	2,300,515	-	-	-	-
Debt securities	151,146	-	-	-	-
Deposit instruments	2,359,951	-	-	-	-
	₩ 27,661,065	776,663	9,253,521	731,735	10,761,919
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 180,773	-	180,773	-	180,773
Derivative hedging instruments	31,591	-	31,591	-	31,591
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	3,777,836	-	-	-	-
Borrowings	20,497,607	-	20,821,353	-	20,821,353
Financial guarantee liabilities	62,629	-	-	-	-
Others	2,347,244	-	-	-	-
	₩ 26,897,680	-	21,033,717	-	21,033,717

(*1) Fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.

2) Finance income and costs by category of financial instrument for the three-month periods ended March 31, 2021 and 2020 were as follows:

① For the three-month period ended March 31, 2021

(in millions of Won)

	Interest income (expense)	Gain and loss on valuation	Finance income and costs			Other comprehensive loss
			Gain and loss on foreign currency	Gain and loss on disposal	Others	
Financial assets at fair value through profit or loss	₩ 35,335	(4,851)	-	(462)	70	30,092
Derivatives assets	-	101,315	-	65,846	-	167,161
Financial assets at fair value through other comprehensive income	-	-	-	-	22,269	22,269
Financial assets measured at amortized cost	19,287	-	237,962	(3,370)	(38)	253,841
Derivatives liabilities	-	28,515	-	(72,981)	-	(44,466)
Financial liabilities measured at amortized cost	(129,317)	-	(363,852)	-	(6,483)	(499,652)
	₩ (74,695)	124,979	(125,890)	(10,967)	15,818	(70,755)
						90,878

② For the three-month period ended March 31, 2020

(in millions of Won)

	Interest income (expense)	Gain and loss on valuation	Finance income and costs			Other comprehensive income (loss)
			Gain and loss on foreign currency	Gain and loss on disposal	Others	
Financial assets at fair value through profit or loss	₩ 41,122	333	-	305	230	41,990
Derivatives assets	-	310,227	-	55,791	-	366,018
Financial assets at fair value through other comprehensive income	-	-	-	-	25,306	25,306
Financial assets measured at amortized cost	51,732	-	484,455	(5,986)	(90)	530,111
Derivatives liabilities	-	(72,290)	-	(90,302)	-	(162,592)
Financial liabilities measured at amortized cost	(175,127)	-	(652,206)	-	648	(826,685)
	₩ (82,273)	238,270	(167,751)	(40,192)	26,094	(25,852)
						(202,893)

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(b) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2020.

22. Share Capital and Capital Surplus

(a) Share capital as of March 31, 2021 and December 31, 2020 are as follows:

(in Won, except share information)

	March 31, 2021	December 31, 2020
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	87,186,835	87,186,835
Shared capital(*2)	₩ 482,403,125,000	482,403,125,000

(*1) As of March 31, 2021, total shares of ADRs of 26,528,728 outstanding in overseas stock market are equivalent to 6,632,182 of common stock.

(*2) As of March 31, 2021, the difference between the ending balance of common stock and the par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

(b) Capital surplus as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	March 31, 2021	December 31, 2020
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Other capital surplus	96,590	50,099
	₩ 1,357,038	1,310,547

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

23. Hybrid Bonds

(a) Hybrid bonds classified as equity as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	Date of issue	Date of maturity	Interest rate (%)		March 31, 2021	December 31, 2020
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩	200,000	200,000
Issuance cost					(616)	(616)
				₩	<u>199,384</u>	<u>199,384</u>

(*1) Details of issuance of hybrid bonds as of March 31, 2021 are as follows:

	Hybrid bond 1-2
Maturity date	30 years (POSCO has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-06-12 : 4.60% Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10 years) + 1.40% · After 10 years: additionally +0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to POSCO)
Others	POSCO can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of March 31, 2021 amounts to ₩479 million.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

- (b) POSCO ENERGY CO., LTD., a subsidiary of the Company, issued hybrid bonds which are classified as non-controlling interests in the consolidated financial statements. Hybrid bonds as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	Date of issue	Date of maturity	Interest rate (%)		March 31, 2021	December 31, 2020
Hybrid bond 1-4(*1)	2013-08-29	2043-08-29	5.21	₩	140,000	140,000
Issuance cost					(429)	(429)
				₩	<u>139,571</u>	<u>139,571</u>

- (*1) Details of hybrid bonds of POSCO ENERGY CO., LTD. as of March 31, 2021 are as follows:

	Hybrid bond 1-4
Maturity date	30 years (The issuer has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-08-29 : 5.21 % Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10 years) + 1.55 % · After 10 years: additionally + 0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to the Company)
Others	The issuer can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinated to other creditors. The interest accumulated but not paid on the hybrid bonds as of March 31, 2021 amounts to ₩659 million.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

24. Reserves

Reserves as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Accumulated comprehensive loss of investments in associates and joint ventures	₩	(602,489)	(693,176)
Changes in fair value of equity investments at fair value through other comprehensive		(265,176)	(359,283)
Foreign currency translation differences		(196,336)	(339,707)
Gains or losses on valuation of derivatives		(733)	(699)
Others		11,946	11,947
	₩	<u>(1,052,788)</u>	<u>(1,380,918)</u>

25. Treasury Shares

Based on the Board of Directors' resolution, POSCO holds treasury shares for business purposes including price stabilization. The changes in treasury shares for three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows.

<i>(shares, in millions of Won)</i>	March 31, 2021		December 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Beginning	11,171,363	₩ 2,391,523	7,071,194	₩ 1,508,303
Acquisition of treasury shares	389,900	116,771	4,100,169	883,220
Ending	<u>11,561,263</u>	<u>₩ 2,508,294</u>	<u>11,171,363</u>	<u>₩ 2,391,523</u>

During the year ended December 31, 2020, the Company entered into a trust contract of acquiring treasury shares following approval of the Board of Directors. The amount committed to purchase treasury shares by this trust contract is ₩1,000 billion, and the contract period is from April 13, 2020 to April 12, 2021

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

26. Revenue

(a) Disaggregation of revenue

Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended March 31, 2021 and 2020 were as follows:

1) March 31, 2021

<i>(in millions of Won)</i>					
	Steel	Trading	Construction	Others	Total
Types of revenue					
Revenue from sales of goods	₩ 8,334,495	5,085,746	-	317,943	13,738,184
Revenue from services	126,860	98,955	12,380	493,142	731,337
Revenue from construction contract	-	-	1,447,417	12,896	1,460,313
Others	15,158	61,747	508	61,476	138,889
	₩ 8,476,513	5,246,448	1,460,305	885,457	16,068,723
Timing of revenue recognition					
Revenue recognized at a point in time	₩ 8,349,653	5,147,493	18,622	379,419	13,895,187
Revenue recognized over time	126,860	98,955	1,441,683	506,038	2,173,536
	₩ 8,476,513	5,246,448	1,460,305	885,457	16,068,723

2) March 31, 2020

<i>(in millions of Won)</i>					
	Steel	Trading	Construction	Others	Total
Types of revenue					
Revenue from sales of goods	₩ 6,971,276	4,914,643	-	191,324	12,077,243
Revenue from services	124,473	83,139	12,060	516,927	736,599
Revenue from construction contract	-	-	1,605,763	6,620	1,612,383
Others	9,704	57,893	1,101	50,890	119,588
	₩ 7,105,453	5,055,675	1,618,924	765,761	14,545,813
Timing of revenue recognition					
Revenue recognized at a point in time	₩ 6,980,980	4,972,536	10,955	242,213	12,206,684
Revenue recognized over time	124,473	83,139	1,607,969	523,548	2,339,129
	₩ 7,105,453	5,055,675	1,618,924	765,761	14,545,813

(b) Details of contract assets and liabilities from contracts with customers as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>			March 31, 2021	December 31, 2020
Receivables				
Account receivables	₩		8,181,380	7,332,890
Contract assets				
Due from customers for contract work			848,568	874,152
Contract liabilities				
Advance received			453,055	418,777
Due to customers for contract work			926,056	807,465
Unearned revenue			65,095	42,040

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

27. Revenue – Contract Balances

- (a) Details of outstanding contracts as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021		December 31, 2020	
		Construction segment	Others	Construction segment	Others
Accumulated cost	₩	30,405,094	197,384	30,780,560	247,737
Accumulated contract profit		3,023,458	39,015	3,034,148	49,692
Accumulated contract loss		(1,242,662)	(1,934)	(1,260,451)	(2,482)
Accumulated contract revenue		32,185,890	234,465	32,554,257	294,947

- (b) Details of due from customers for contract work and due to customers for contract work as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021		December 31, 2020	
		Construction segment	Others	Construction segment	Others
Due from customers for contract	₩	879,471	39,875	915,285	33,594
Due to customers for contract work		(878,784)	(47,272)	(765,818)	(41,647)
	₩	687	(7,397)	149,467	(8,053)

- (c) Details of the provisions of construction loss as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Construction segment	₩	50,671	70,818
Others		431	437
	₩	51,102	71,255

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

- (d) Due to the factors causing the variation of costs for the three-month period ended March 31, 2021, the estimated total contract costs have changed. Details of changes in estimated total contract costs and the impact on profit before income taxes for the three-month period ended March 31, 2021 and future periods are as follows:

(in millions of Won)	Changes in estimated total contract costs	Changes in profit (loss) of contract		
		Net income (loss)	Future income (loss)	Total
Construction segment	₩ 104,340	47,464	73,456	120,920
Others	(3,901)	892	4,304	5,196
	₩ 100,439	48,356	77,760	126,116

The effect on the current and future profit is estimated based on the circumstances that have occurred from the commencement date of the contract to March 31, 2021. The estimation is evaluated for the total contract costs and expected total contract revenue as of the end of the period. Also, it may change during future periods.

- (e) Uncertainty of estimates

1) Total contract revenues

Total contract revenues are measured based on contractual amount initially agreed. However, the contract revenues can increase due to additional contract work, claims and incentive payments, or decrease due to penalty when the completion of contract is delayed due to the Company's fault. Therefore, this measurement of contract revenues is affected by the uncertainty of the occurrence of future events.

2) Total contract costs

Contract revenues are recognized based on the percentage of completion, which is measured on the basis of the gross cost amount incurred to date. Total contract costs are estimated based on estimates of future material costs, labor costs, outsourcing cost and others. There is uncertainty in estimates on future contract costs due to various internal and external factors such as fluctuation of market, the risk of business partner and the experience of project performance and others. The significant assumptions including uncertainty of the estimate of total contract costs are as follows:

	Method of significant assumption
Material cost	Assumption based on recent purchasing price and quoted market price
Labor cost	Assumption based on standard monthly and daily labor cost
Outsourcing cost	Assumption based on the past experience rate of similar project and market price

Management reviews the assumptions used in estimated contract costs at each reporting period end and adjusts them, if necessary.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

28. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Wages and salaries	₩ 221,427	213,496
Expenses related to post-employment benefits	32,919	22,379
Other employee benefits	46,348	45,458
Travel	4,283	6,353
Depreciation	36,624	34,952
Amortization	27,648	27,282
Communication	2,151	2,392
Electricity	1,887	2,181
Taxes and public dues	21,759	12,356
Rental	4,938	6,633
Repairs	2,348	1,927
Entertainment	2,174	2,108
Advertising	16,074	17,357
Research & development	32,342	23,866
Service fees	35,006	39,433
Vehicles maintenance	1,263	1,370
Industry association fee	3,368	3,666
Conference	2,887	2,843
Increase to provisions	327	1,527
Others	10,548	9,488
	₩ <u>506,321</u>	<u>477,067</u>

(b) Selling expenses

Selling expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Freight and custody	₩ 39,596	45,463
Operating expenses for distribution center	1,746	2,026
Sales commissions	18,680	47,725
Sales advertising	136	258
Sales promotion	1,526	1,843
Sample	514	541
Sales insurance premium	9,253	8,177
Contract cost	11,099	7,632
Others	2,618	4,313
	₩ <u>85,168</u>	<u>117,978</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

29. Finance Income and Costs

Details of finance income and costs for the three-month periods ended March 31, 2021 and 2020 were as follows:

(in millions of Won)

		March 31, 2021	March 31, 2020
Finance income			
Interest income(*1)	₩	54,622	92,854
Dividend income		22,339	25,536
Gain on foreign currency transactions		211,935	345,432
Gain on foreign currency translations		214,996	447,527
Gain on derivatives transactions		68,470	60,024
Gain on valuations of derivatives		212,849	341,973
Others		10,333	6,079
	₩	<u>795,544</u>	<u>1,319,425</u>
Finance costs			
Interest expenses	₩	129,317	175,127
Loss on foreign currency transactions		180,270	248,523
Loss on foreign currency translations		372,551	712,187
Loss on derivatives transactions		75,605	94,535
Loss on valuation of derivatives		83,019	104,036
Loss on disposal of trade accounts and notes receivable		3,370	5,986
Others		22,167	4,883
	₩	<u>866,299</u>	<u>1,345,277</u>

(*1) Interest income calculated using the effective interest method for the three-month periods ended March 31, 2021 and 2020 were ₩19,287 million and ₩51,732 million, respectively.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

30. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Other non-operating income		
Gain on disposals of assets held for sale	₩ 797	299
Gain on disposals of investment		
in subsidiaries, associates and joint ventures	3,842	3,969
Gain on disposals of property, plant and equipment	3,323	4,835
Gain on valuation of firm commitment	50,596	20,118
Others(*1)	71,413	35,080
	<u>₩ 129,971</u>	<u>64,301</u>
Other non-operating expenses		
Loss on disposals of investment		
in subsidiaries, associates and joint ventures	₩ 1,104	4,952
Loss on disposals of property, plant and equipment	18,657	40,671
Impairment loss on property, plant and equipment	16,892	78
Impairment loss on intangible assets	7,183	423
Loss on valuation of firm commitment	43,765	34,333
Idle tangible assets expenses	5,192	5,355
Increase to provisions	6,301	852
Donations	5,641	12,155
Others	18,757	14,945
	<u>₩ 123,492</u>	<u>113,764</u>

(*1) During the three-month period ended March 31, 2021, the Company recognized ₩ 28,366 million of non-operating income for refund of other than income tax as a result of administrative litigation for tax audits.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

31. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses, impairment loss on other receivables and other non-operating expenses in the statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020 were as follows (excluding finance costs and income tax expense):

<i>(in millions of Won)</i>		March 31, 2021	March 31, 2020
Raw material used, changes in inventories and others	₩	9,564,810	8,648,277
Employee benefits expenses		943,053	920,039
Outsourced processing cost		1,714,478	2,030,299
Electricity and water		173,898	170,696
Depreciation(*1)		785,185	770,170
Amortization		110,787	114,287
Freight and custody		339,624	352,344
Sales commissions		18,680	47,725
Loss on disposal of property, plant and equipment		18,657	40,671
Impairment loss on property, plant and equipment		16,892	78
Donations		7,183	12,155
Others		952,967	858,483
	₩	<u>14,646,214</u>	<u>13,965,224</u>

(*1) Includes depreciation expense of investment property.

32. Income Taxes

The effective tax rates of the Company for the three-month periods ended March 31, 2021 and 2020 were 26.98% and 34.18%, respectively.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

33. Earnings per Share

Basic earnings per share for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in Won, except share information)</i>	March 31, 2021	March 31, 2020
Profit attribute to controlling interest	₩ 1,024,735,682,380	395,392,696,009
Interests of hybrid bonds	(1,644,657,534)	(1,662,931,507)
Weighted-average number of common shares outstanding (*1)	75,911,805	80,115,641
Basic earnings per share	₩ 13,477	4,915

(*1) The weighted-average number of common shares used to calculate basic earnings per share are as follows:

<i>(shares)</i>	March 31, 2021	March 31, 2020
Total number of common shares issued	87,186,835	87,186,835
Weighted-average number of treasury shares	(11,275,030)	(7,071,194)
Weighted-average number of common shares outstanding	75,911,805	80,115,641

Since there were no potential shares of common stock which had dilutive effects as of March 31, 2021 and 2020, diluted earnings per share is equal to basic earnings per share.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

34. Related Party Transactions

(a) Significant transactions between the controlling company and related companies for the three-month periods ended March 31, 2021 and 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries(*3)						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,614	11,069	-	88,862	60	6,463
POSCO COATED & COLOR STEEL Co., Ltd.	123,426	2,034	-	-	7,447	161
POSCO ICT(*4)	447	4,990	-	34,290	10,706	49,422
eNtoB Corporation	4	-	60,190	9,647	14	4,507
POSCO CHEMICAL CO., LTD.	57,959	16,280	114,065	1,389	74,295	1,426
POSCO ENERGY CO., LTD.	760	689	2,129	-	-	5,605
POSCO SPS CORPORATION	148,773	-	-	-	10,694	206
POSCO INTERNATIONAL Corporation	1,898,357	54,331	166,152	-	347	536
POSCO Thainox Public Company Limited	60,873	-	-	-	-	20
POSCO Canada Ltd.	-	491	34,796	-	-	-
POSCO Asia Co., Ltd.	18,289	32	417	-	-	272
Qingdao Pohang Stainless Steel Co., Ltd.	40,948	-	-	-	-	-
POSCO JAPAN Co., Ltd.	357,971	1	7,601	4	-	480
POSCO-VIETNAM Co., Ltd.	80,910	339	-	-	-	-
POSCO MEXICO S.A. DE C.V.	92,791	34	-	-	-	-
POSCO Maharashtra Steel Private Limited	168,852	84	-	-	-	89
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	28,512	-	-	-	-	-
POSCO VST CO., LTD.	56,408	-	-	-	-	8
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	610	350,571	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	65,532	49	8	-	-	10
Others	323,446	21,389	34,299	9,752	60,982	20,702
	3,525,872	112,422	770,228	143,944	164,545	89,907
Associates and joint ventures(*3)						
SNINC	7,513	2,043	151,759	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	12,649	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	116,076	486,975	-	-	-
Others	8,837	12,939	21,723	-	-	9,173
	28,999	131,058	660,457	-	-	9,173
₩	3,554,871	243,480	1,430,685	143,944	164,545	99,080

(*1) Sales and others mainly consist of sales of steel products to subsidiaries, associates and joint ventures.

(*2) Purchases and others mainly consist of subsidiaries' purchases of construction services and purchases of raw materials to manufacture steel products.

(*3) As of March 31, 2021, the Company provided guarantees to related parties (Note 35).

(*4) Others (purchase) mainly consist of service fees related to maintenance and repair of ERP System.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

2) For the three-month period ended March 31, 2020

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,537	11,079	15	243,473	-	7,712
POSCO COATED & COLOR STEEL Co., Ltd.	116,100	1,694	-	-	8,358	117
POSCO ICT	711	4,989	-	99,306	10,458	46,455
eNtoB Corporation	4	60	57,592	9,105	19	5,562
POSCO CHEMICAL CO., LTD.	83,234	19,942	123,744	4,140	82,815	3,709
POSCO ENERGY CO., LTD.	1,287	679	4,610	3	-	5,512
POSCO INTERNATIONAL Corporation	1,520,559	54,331	79,696	-	11,371	1,142
POSCO Thainox Public Company Limited	51,621	66	2,662	-	-	-
POSCO America Corporation	63,642	-	-	-	-	3
POSCO Canada Ltd.	-	63	39,555	-	-	-
POSCO Asia Co., Ltd.	317,301	219	45,486	1,768	396	509
Qingdao Pohang Stainless Steel Co., Ltd.	35,469	-	-	-	-	57
POSCO JAPAN Co., Ltd.	318,234	-	6,722	620	-	438
POSCO-VIETNAM Co., Ltd.	63,588	115	-	-	-	20
POSCO MEXICO S.A. DE C.V.	51,091	36	-	-	-	55
POSCO Maharashtra Steel Private Limited	117,440	803	-	-	-	185
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	32,551	-	-	-	-	-
POSCO VST CO., LTD.	69,594	-	-	-	-	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	342	154,767	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	78,164	128	2,314	-	-	-
Others	190,735	14,412	24,509	12,958	61,073	29,067
	<u>3,112,862</u>	<u>108,958</u>	<u>541,672</u>	<u>371,373</u>	<u>174,490</u>	<u>100,563</u>
Associates and joint ventures						
POSCO PLANTEC Co., Ltd	65	41	916	84,839	4,086	12,431
SNNC	1,410	3,035	120,426	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	13,925	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	322,187	-	-	-
Others	9,707	15,194	12,365	-	-	7,653
	<u>25,107</u>	<u>18,270</u>	<u>455,894</u>	<u>84,839</u>	<u>4,086</u>	<u>20,084</u>
₩	<u>3,137,969</u>	<u>127,228</u>	<u>997,566</u>	<u>456,212</u>	<u>178,576</u>	<u>120,647</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

(b) The related account balances of significant transactions between the controlling company and related companies as of March 31, 2021 and December 31, 2020 are as follows:

1) March 31, 2021

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,502	8	1,510	-	34,299	310	34,609
POSCO COATED & COLOR STEEL Co., Ltd.	64,143	1,715	65,858	-	5	3,803	3,808
POSCO ICT	61	4,971	5,032	2,758	38,614	28,970	70,342
eNtoB Corporation	-	-	-	2,449	17,704	18	20,171
POSCO CHEMICAL CO., LTD	18,982	14,820	33,802	8,481	57,503	18,194	84,178
POSCO ENERGY CO., LTD.	123	277	400	-	2,093	11,894	13,987
POSCO SPS CORPORATION	83,913	-	83,913	-	1,564	4,215	5,779
POSCO INTERNATIONAL Corporation	673,708	54,337	728,045	2,014	199	502	2,715
POSCO Thainox Public Company Limited	47,663	-	47,663	-	-	-	-
POSCO Asia Co., Ltd.	21,304	667	21,971	-	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	26,401	-	26,401	-	-	-	-
POSCO MEXICO S.A. DE C.V.	106,515	737	107,252	-	-	-	-
POSCO Maharashtra Steel Private Limited	334,220	1,489	335,709	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	240,111	1,370	241,481	-	-	-	-
Others	388,478	28,539	417,017	104,165	29,578	80,594	214,337
	<u>2,007,124</u>	<u>108,930</u>	<u>2,116,054</u>	<u>119,867</u>	<u>181,559</u>	<u>148,500</u>	<u>449,926</u>
Associates and joint ventures							
SNNC	271	5,546	5,817	17,399	127	-	17,526
Roy Hill Holdings Pty Ltd	-	116,076	116,076	95,706	34	-	95,740
Others	921	18,517	19,438	2,133	344	-	2,477
	<u>1,192</u>	<u>140,139</u>	<u>141,331</u>	<u>115,238</u>	<u>505</u>	<u>-</u>	<u>115,743</u>
₩	<u>2,008,316</u>	<u>249,069</u>	<u>2,257,385</u>	<u>235,105</u>	<u>182,064</u>	<u>148,500</u>	<u>565,669</u>

2) December 31, 2020

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 6,010	11	6,021	-	81,608	394	82,002
POSCO COATED & COLOR STEEL Co., Ltd.	63,520	-	63,520	-	180	3,709	3,889
POSCO ICT	245	1	246	2,820	118,720	31,411	152,951
eNtoB Corporation	-	-	-	1,361	35,846	18	37,225
POSCO CHEMICAL CO., LTD	19,406	3,434	22,840	13,066	55,515	18,531	87,112
POSCO ENERGY CO., LTD.	261	122	383	-	2,995	12,508	15,503
POSCO SPS CORPORATION	72,009	-	72,009	-	2,352	4,175	6,527
POSCO INTERNATIONAL Corporation	534,531	-	534,531	2,713	-	-	2,713
POSCO Thainox Public Company Limited	39,920	-	39,920	-	-	-	-
POSCO Asia Co., Ltd.	239,847	898	240,745	3,958	258	-	4,216
Qingdao Pohang Stainless Steel Co., Ltd.	25,838	-	25,838	-	-	-	-
POSCO MEXICO S.A. DE C.V.	71,307	397	71,704	-	-	-	-
POSCO Maharashtra Steel Private Limited	173,285	2,006	175,291	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	258,563	1,845	260,408	-	-	-	-
Others	227,288	28,117	255,405	41,564	30,433	82,716	154,713
	<u>1,732,030</u>	<u>36,831</u>	<u>1,768,861</u>	<u>65,482</u>	<u>327,907</u>	<u>153,462</u>	<u>546,851</u>
Associates and joint ventures							
SNNC	106	228	334	33,380	-	-	33,380
Roy Hill Holdings Pty Ltd	-	52,076	52,076	201,924	-	-	201,924
Others	818	17,882	18,700	6,704	-	-	6,704
	<u>924</u>	<u>70,186</u>	<u>71,110</u>	<u>242,008</u>	<u>-</u>	<u>-</u>	<u>242,008</u>
₩	<u>1,732,954</u>	<u>107,017</u>	<u>1,839,971</u>	<u>307,490</u>	<u>327,907</u>	<u>153,462</u>	<u>788,859</u>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(c) Significant transactions between the Company, excluding the controlling company, and related companies for the three-month periods ended March 31, 2021 and 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
New Songdo International City Development, LLC	₩ 46,219	-	-	41
SNNC	9,655	53	4,017	5,387
Chuncheon Energy Co., Ltd.	-	-	-	-
Noeul Green Energy	1,512	-	-	522
CSP - Companhia Siderurgica do Pecem	1,915	-	-	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	6,570	-	8,309	5,683
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	561	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	2,911	-	-	-
PT. Batutua Tembaga Raya	-	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	9,790	-	39	-
DMSA/AMSA	-	-	2	-
South-East Asia Gas Pipeline Company Ltd.	-	7,984	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	8,716	7	1,012	50
Samcheok BluePower Co.,Ltd	58,064	-	-	-
TK CHEMICAL CORPORATION (*1)	14,906	-	2,292	-
Metropolitan Outer Ring Expressway Co., Ltd	9,553	-	-	-
UITrans LRT Co., Ltd.	8,935	-	-	-
Others	35,814	31,769	6,286	4,063
	₩ 214,560	39,813	22,518	15,746

(*1) TK CHEMICAL CORPORATION was excluded from the associates due to the sale of its shares during the three-month period ended March 31, 2021.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

2) For the three-month period ended March 31, 2020

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
POSCO PLANTEC Co., Ltd.	₩ 2,558	-	5	-
New Songdo International City Development, LLC	20,200	-	-	3
SNNC	10,355	-	12,103	106,999
Chuncheon Energy Co., Ltd.	287	211	-	-
Noeul Green Energy	1,523	-	-	-
CSP - Compania Siderurgica do Pecem	16,745	4,432	84,190	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,776	-	12,540	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	956	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	2,527	-	-	-
PT. Batutua Tembaga Raya	-	959	11,541	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	4,844	-	64	-
DMSA/AMSA	-	-	26,163	-
South-East Asia Gas Pipeline Company Ltd.	7	20,006	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	8,865	19,401	1,074	267
Samcheok BluePower Co.,Ltd	41,884	-	-	-
TK CHEMICAL CORPORATION	35,341	-	12,196	-
Metropolitan Outer Ring Expressway Co., Ltd	1,816	-	-	-
UITrans LRT Co., Ltd.	169	-	-	9
Others	31,149	5,565	9,072	9,499
	₩ 189,046	50,574	169,904	116,777

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

(d) The related account balances of significant transactions between the Company, excluding the controlling company, and related companies as of March 31, 2021 and December 31, 2020 are as follows:

1) March 31, 2021

(in millions of Won)

(in millions of Won)		Receivables				Payables		
		Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
Associates and joint ventures								
New Songdo International City Development, LLC	₩	15,134	-	20,599	35,733	-	34,753	34,753
Chuncheon Energy Co., Ltd.		-	-	-	-	482	-	482
Samcheok BluePower Co.,Ltd		118,464	-	-	118,464	-	16,962	16,962
Nickel Mining Company SAS		-	61,956	138	62,094	-	-	-
CSP - Companhia Siderurgica do Pecem		-	-	-	-	1,337	-	1,337
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		11,276	-	-	11,276	7,452	398	7,850
PT. Batutua Tembaga Raya		-	36,833	-	36,833	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		13,015	-	-	13,015	105	-	105
South-East Asia Gas Pipeline Company Ltd.		-	82,442	-	82,442	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		3,864	-	-	3,864	862	13	875
Metropolitan Outer Ring Expressway Co., Ltd		9,976	-	-	9,976	-	-	-
UITrans LRT Co., Ltd.		7,965	25,578	102	33,635	-	16	16
Others		64,758	148,610	130,682	344,050	3,202	11,938	15,140
	₩	244,442	355,419	151,521	751,382	13,440	64,080	77,520

2) December 31, 2020

(in millions of Won)

(in millions of Won)		Receivables				Payables		
		Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
Associates and joint ventures								
New Songdo International City Development, LLC	₩	23,866	-	20,592	44,458	-	3	3
Chuncheon Energy Co., Ltd.		-	-	-	-	444	-	444
Samcheok BluePower Co.,Ltd		92,715	-	-	92,715	-	40,536	40,536
Nickel Mining Company SAS		-	62,420	143	62,563	-	-	-
CSP - Companhia Siderurgica do Pecem		19,704	-	-	19,704	-	-	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		6,534	-	-	6,534	1,023	150	1,173
PT. Batutua Tembaga Raya		-	35,355	-	35,355	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		13,889	-	-	13,889	193	-	193
South-East Asia Gas Pipeline Company Ltd.		-	91,003	-	91,003	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		2,799	-	-	2,799	783	-	783
TK CHEMICAL CORPORATION		21,916	-	-	21,916	429	-	429
Metropolitan Outer Ring Expressway Co., Ltd		6,299	-	-	6,299	-	-	-
UITrans LRT Co., Ltd.		6,908	23,452	102	30,462	-	-	-
Others		65,545	143,120	110,981	319,646	7,035	11,446	18,481
	₩	260,175	355,350	131,818	747,343	9,907	52,135	62,042

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(e) Significant financial transactions between the Company, excluding the controlling company, and related companies for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Beginning	Lend	Collect	Others(*1)	Ending
Associates and joint ventures					
UITrans LRT Co., Ltd.	₩ 23,452	2,126	-	-	25,578
South-East Asia Gas Pipeline Company Ltd.	91,003	-	(11,544)	2,983	82,442
PT. Batutua Tembaga Raya	35,355	-	-	1,478	36,833
PT. Tanggamus Electric Power	4,304	-	-	180	4,484
PT. Wampu Electric Power	5,186	-	-	217	5,403
PT. POSMI Steel Indonesia	2,176	-	-	91	2,267
Nickel Mining Company SAS	62,420	-	-	(464)	61,956
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	5,440	-	-	228	5,668
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,528	-	-	273	6,801
AMCI (WA) PTY LTD	83,291	547	-	2,468	86,306
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,440	-	-	228	5,668
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	8,704	-	-	364	9,068
Hyochun Co., Ltd.	2,382	-	-	-	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd	16,320	-	-	683	17,003
CAML RESOURCES PTY LTD	3,312	-	-	151	3,463
Shinahn wind power generation	37	60	-	-	97
₩	355,350	2,733	(11,544)	8,880	355,419

(*1) Includes adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2020

(in millions of Won)

	Beginning	Lend	Collect	Others(*2)	Ending
Associates and jointventures					
UITrans LRT Co., Ltd.	₩ 10,579	12,873	-	-	23,452
DMSA/AMSA(*1)	57,999	-	-	(57,999)	-
South-East Asia Gas Pipeline Company Ltd.	147,367	-	(47,539)	(8,825)	91,003
PT. Batutua Tembaga Raya	36,291	-	-	(936)	35,355
PT. Tanggamus Electric Power	4,580	-	-	(276)	4,304
PT. Wampu Electric Power	5,519	-	-	(333)	5,186
PT. POSMI Steel Indonesia	2,316	-	-	(140)	2,176
Nickel Mining Company SAS	60,516	-	-	1,904	62,420
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	6,947	-	(1,239)	(268)	5,440
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,947	-	-	(419)	6,528
AMCI (WA) PTY LTD	78,553	5,550	-	(812)	83,291
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,789	-	-	(349)	5,440
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	9,262	-	-	(558)	8,704
Hyochun Co., Ltd.	2,382	-	-	-	2,382
Chuncheon Energy Co., Ltd.	8,234	-	(8,234)	-	-
POS-AUSTEM Suzhou Automotive Co., Ltd	5,789	11,805	-	(1,274)	16,320
CAML RESOURCES PTY LTD	-	3,219	-	93	3,312
Shinahn wind power generation	-	37	-	-	37
₩	449,070	33,484	(57,012)	(70,192)	355,350

(*1) During the year ended December 31, 2020, loans amounting to ₩60,278 million have been converted to common shares of DMSA/AMSA, which is presented in others.

(*2) Includes adjustments of foreign currency translation differences and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(f) For the three-month periods ended March 31, 2021 and 2020, details of compensation to key management officers were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Short-term benefits	₩ 27,181	26,573
Long-term benefits	4,533	4,260
Retirement benefits	6,515	4,810
	<u>₩ 38,229</u>	<u>35,643</u>

Key management officers include directors (including non-standing directors), executive officials and fellow officials who have significant influences and responsibilities in the Company's business and operations.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

35. Commitments and Contingencies

(a) Details of guarantees

Contingent liabilities on outstanding guarantees and others provided by the Company as of March 31, 2021 are as follows:

(in millions of Won)				Guarantee limit		Guarantee amount		
Guarantor	Guarantee beneficiary	Financial institution		Foreign currency	Won equivalent	Foreign currency	Won equivalent	
[The Company]								
POSCO	POSCO Asia Co., Ltd.	Credit Agricole and others	USD	100,000,000	113,350	100,000,000	113,350	
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	156,000,000	176,826	156,000,000	176,826	
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	120,000,000	136,020	120,000,000	136,020	
	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	5,501,000,000	199,136	5,501,000,000	199,136	
POSCO INTERNATIONAL Corporation	POSCO Maharashtra Steel Private Limited	SMBC and others	USD	139,784,000	158,446	139,784,000	158,446	
	PT. KRAKATAU POSCO	Export-Import Bank of Korea and others	USD	1,350,300,000	1,530,568	783,740,291	888,370	
	POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE and others	USD	146,527,500	166,089	131,874,750	149,480	
	POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Export-Import Bank of Korea and others	USD	186,625,000	211,540	178,750,000	202,613	
	POSCO INTERNATIONAL POWER (PNG) LIMITED	KDB bank	USD	53,517,404	60,662	33,167,234	37,595	
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	11,000,000	12,469	11,000,000	12,469	
	PT. Bio Inti Agrindo	Export-Import Bank of Korea and others	USD	149,704,914	169,692	145,587,428	165,024	
	POSCO ASSAN TST STEEL INDUSTRY	ING	USD	14,652,750	16,609	14,652,750	16,609	
	POSCO INTERNATIONAL Deutschland GmbH					9,391,215	10,645	
	POSCO INTERNATIONAL AMERICA Corp.					5,000,000	5,668	
	POSCO INTERNATIONAL JAPAN Corp.					9,084,286	10,297	
	POSCO INTERNATIONAL SINGAPORE Pte. Ltd.	Bank Mendes Gans Amsterdam	USD	50,000,000	56,675	-	-	
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO INTERNATIONAL Malaysia SDN BHD					-	-	
	POSCO INTERNATIONAL Italia S.R.L.					-	-	
	POSCO INTERNATIONAL MEXICO S.A. de C.V.					-	-	
	GRAIN TERMINAL HOLDING PTE. LTD.	Export-Import Bank of Korea and others	USD	27,000,000	30,605	27,000,000	30,605	
POSCO ICT	POSCO E&C Vietnam Co., Ltd.	POSCO Asia Co., Ltd. and others	USD	42,000,000	47,607	42,000,000	47,607	
	SPH Co., Ltd.	Shinyoung securities	KRW	20,000	20,000	20,000	20,000	
	JB CLARK HILLS	KOREA INVESTMENT&SECURITIES Co., Ltd.	KRW	57,600	57,600	50,600	50,600	
	PT. POSCO E&C INDONESIA	HSBC and others	USD	51,000,000	57,809	44,800,000	50,781	
	PT.POSCO ICT INDONESIA	POSCO Asia Co., Ltd. and others	USD	25,900,000	29,358	25,900,000	29,358	
	POSCO CHEMICAL CO., LTD	POSCO Asia Co., Ltd. and others	USD	1,500,000	1,700	900,000	1,020	
	POSCO COATED & COLOR STEEL CO., Ltd.	PT. Krakatau Posco Chemical Calcination	USD	15,200,000	17,229	9,000,000	10,202	
	POSCO ENERGY CO., LTD	Myanmar POSCO C&C Company, Limited.	USD	13,986,947	15,854	13,986,947	15,854	
	POSCO Asia Co., Ltd.	PT. KRAKATAU POSCO ENERGY	USD	88,903,407	100,772	88,903,407	100,772	
	POSCO America Corporation	POSCO America Corporation	USD	70,000,000	79,345	70,000,000	79,345	
		POSCO AMERICA COMERCIALIZADORA S DE RL DE CV	Bank of America N.A.	USD	27,000,000	30,605	27,000,000	30,605
	[Associates and joint ventures]							
POSCO	CSP - Companhia Siderurgica do Pecem	Export-Import Bank of Korea and others	USD	420,000,000	476,072	370,715,701	420,205	
		BNDES	BRL	464,060,000	91,114	464,060,000	91,114	
	LLP POSUK Titanium	SMBC	USD	13,500,000	15,302	13,500,000	15,302	
	Nickel Mining Company SAS	SMBC	EUR	46,000,000	61,101	46,000,000	61,101	
	GLOBAL KOMSCO Daewoo LLC	Hana Bank	USD	8,225,000	9,323	7,525,000	8,530	
	New Songdo International City Development, LLC	Others	KRW	686,000	686,000	624,700	624,700	
	POHANG E&E Co., Ltd.	Heungkuk Life Insurance Co., Ltd.	KRW	71,930	71,930	58,294	58,294	
	UITrans LRT Co., Ltd.	Kookmin Bank and others	KRW	125,845	125,845	96,894	96,894	
	RPSD	Plan-up Sinsajelicha Co., Ltd	KRW	45,000	45,000	37,000	37,000	
	Metropolitan Outer Ring Expressway Co., Ltd	Woori Bank and others	KRW	276,033	276,033	14,486	14,486	
	Pureun Tongyeong Enviro Co., Ltd.	KDB Bank and others	KRW	22,714	22,714	14,815	14,815	
	Pure Gimpo Co., Ltd	KDB Bank and others	KRW	44,740	44,740	30,569	30,569	
	Clean Iksan Co.,Ltd	SAMSUNG FIRE & MARINE INSURANCE CO.,LTD and others	KRW	44,054	44,054	29,250	29,250	
	NEXTRAIN Co., Ltd	Kookmin Bank and others	KRW	634,752	634,752	9,600	9,600	
	Chun-cheon Energy Co., Ltd.	Kookmin Bank and others	KRW	149,200	149,200	145,300	145,300	
	UITrans LRT Co., Ltd.	Kookmin Bank	KRW	50,249	50,249	38,646	38,646	
	Hyochun Co., Ltd.	Kyobo Securities	KRW	10,325	10,325	10,325	10,325	
	Shinahn wind power generation	NH INVESTMENT & SECURITIES CO.,LTD. and others	KRW	17,860	17,860	17,124	17,124	
	Metropolitan Outer Ring Expressway Co., Ltd	Woori Bank	KRW	24,920	24,920	1,308	1,308	
	Western Inland highway CO.,LTD.	Kookmin Bank	KRW	47,348	47,348	-	-	
	[Others]							
	POSCO INTERNATIONAL Corporation	Sheritt International Corporation	Export-Import Bank of Korea	USD	21,818,182	24,731	2,156,083	2,444
	POSCO ENGINEERING & CONSTRUCTION CO., LTD.	Incheon-Gimpo Expressway Co., Ltd. and others	Kookmin Bank and others	KRW	4,286,813	4,286,813	2,273,058	2,273,058
	POSCO ICT	BLT Enterprise and others	Hana Bank and others	KRW	185,847	185,847	112,650	112,650
POSCO AUSTRALIA PTY LTD	Department of Trade and Investment (NSW Government) and others	Woori Bank and others	AUD	11,637,271	10,024	11,637,271	10,024	
PT. Bio Inti Agrindo	KSU Mandob	Bank Muamalat	IDR	80,000,000,000	6,264	80,000,000,000	6,264	
POSCO Maharashtra Steel Private Limited	MAHARASHTRA STATE ELECTRICITY and others	HSBC and others	INR	188,156,806	2,903	188,156,806	2,903	
			USD	3,304,145,104	3,745,258	2,581,419,092	2,926,042	
			KRW	6,801,230	6,801,230	3,584,619	3,584,619	
			IDR	80,000,000,000	6,264	80,000,000,000	6,264	
			INR	188,156,806	2,903	188,156,806	2,903	
			THB	5,501,000,000	199,136	5,501,000,000	199,136	
			EUR	46,000,000	61,101	46,000,000	61,101	
			AUD	11,637,271	10,024	11,637,271	10,024	
			BRL	464,060,000	91,114	464,060,000	91,114	

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

(b) Other commitments

Details of other commitments of the Company as of March 31, 2021 are as follows:

Company	Description
POSCO	<p>POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of March 31, 2021, 55 million tons of iron ore and 8 million tons of coal remained to be purchased under such long-term contracts.</p> <p>POSCO entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.</p> <p>POSCO has a long-term service contract for the transportation of raw materials. As of March 31, 2021, there are 38 vessels under contract, and the average remaining contract period is about 9 years.</p> <p>As of March 31, 2021, POSCO entered into a commitment with KOREA ENERGY AGENCY for long-term foreign currency borrowings, which are limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the projects. POSCO is not liable for the repayment of full or in part of the amount borrowed if the respective projects fail. POSCO has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of March 31, 2021, the ending balance of the borrowing amounts to USD 1.02 million.</p> <p>POSCO has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to POSCO ENERGY Co., Ltd., a subsidiary of the Company, under construction of new power plant.</p> <p>POSCO provides a ₩9.8 billion fund supplement agreement for Busan E&E Co., LTD. a subsidiary of our company, at the request of creditors, including the Korea Development Bank.</p>
POSCO INTERNATIONAL Corporation	<p>POSCO INTERNATIONAL Corporation operates a ship-to-ship business in which ships are chartered from ship's owners and leased out to shippers. The Company has entered into a ship purchase agreement with the ship owners and the shippers, which obliges the shippers to pay the agreed amount either at the end of the contract terms or at the agreed termination and to take over the ownership of the vessel from the ship owners. Only if the shipper fails to fulfill its obligation including payment obligation for the purchase of the vessel, the Company is obliged to take over the ship based on the condition that the shipper's contractual obligations and rights are transferred to the Company. As of December 30, 2021, the amount which is exposed to the ship purchase agreements entered into is USD 208 million.</p> <p>The Company invested in the Ambatovy Nickel Project (DMSA/AMSA) in Madagascar through the Korea Ambatovy Consortium (KAC) formed with Korea Mineral Resources Corporation (KORES) and STX Corporation. SHERRITT INTERNATIONAL CORP., the operator, transferred a portion of the project's interests to Sumitomo and AHL (Ambatovy Holdings Limited) in November 2017, and transferred the remaining interests of the project to Sumitomo and AHL2 (Ambatovy Holdings II Limited) in August 2020. KAC has the rights and obligations to the 15.5% stake held by AHL and AHL2.</p>
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	<p>As of March 31, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has foreign currency guarantees of up to USD 2,483 million and uses USD 889 million with Woori Bank and others.</p> <p>As of March 31, 2021, the out standing balance of loans related to major liability compliance agreements is ₩165 billion from development of Pangyo the First Park Project. If the responsibility is not fulfilled, the obligation is to compensate for damages of principal and interest. In addition, according to the project agreements related to redevelopment and reconstruction projects, the Company has an agreement to compensate the Korea Housing and Urban Guarantee Corporation for damages of principal and interest amounting to ₩1,247,888million(limited to ₩2,466,320 million). Furthermore, the Company provides agreements of construction completion (compensation for non-performance) in connection with a number of implementation and union business projects.</p>
POSCO ICT	<p>As of March 31, 2021, the company is provided with a guarantee of ₩143,086 million and ₩14,084 million and ₩305 million, respectively, from the Software credit union and the Seoul guarantee insurance company and Engineering credit union.</p> <p>In connection with 4 projects, including the construction of the Hanam Smart Building, the company is responsible for fulfilling its obligations. If the responsibility is not fulfilled, the Company is liable for damages of principal and interest of lenders (financial institutions that lend to the developer). Outstanding loans related to the liability compliance agreement are worth ₩283.8 billion (loan ceiling ₩320.5 billion) as of March 31, 2021. The company has the right to request the trustee to sell the trust property in the event of a certain reason in the trust contract, such as repaying the liability to the lenders.</p>

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(c) Litigation in progress

1) Request for Arbitration of NSC Investment and TGC

In March 2019, NSC Investment and TGC("Applicant"), a former joint venture partner of POSCO ENGINEERING & CONSTRUCTION CO., LTD., in connection with the Songdo International City Development Project in Incheon, filed an arbitration (mediation price: approximately USD 2 billion) for alleged violations of contract by POSCO ENGINEERING & CONSTRUCTION CO., LTD. As of March 31, 2021, the Company has determined that the applicant's claim is without merit, and did not recognize a provision.

2) Other litigation

The Company is involved in 297 lawsuits aggregating to ₩1,566 billion as defendant as of March 31, 2021, which arise from the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ₩65.5 billion for 80 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company believes that it does not have a present obligation as of March 31, 2021.

(d) Other Contingent circumstances

Other major contingencies for the Company as of March 31, 2021 are as follows:

Company	Description
POSCO	POSCO has provided 3 blank checks to Korea Energy Agency as collateral for long-term foreign currency borrowings.
POSCO INTERNATIONAL Corporation	As of March 31, 2021, POSCO INTERNATIONAL Corporation has provided 30 blank promissory notes and 17 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO ENGINEERING & CONSTRUCTION Co., LTD.	As of March 31, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has provided 32 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩7,303,454 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO ICT	As of March 31, 2021, POSCO ICT has provided 6 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

36. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		March 31, 2021	March 31, 2020
Trade accounts and notes receivable	₩	(799,397)	(289,141)
Other receivables		17,827	355,792
Inventories		(1,105,301)	345,162
Other current assets		(117,150)	(59,248)
Other non-current assets		(48,845)	(96,580)
Trade accounts and notes payable		(67,002)	(140,113)
Other payables		39,893	(180,907)
Other current liabilities		288,235	321,373
Provisions		(87,458)	(103,259)
Payments of severance benefits		(95,599)	(70,418)
Plan assets		72,278	44,390
Other non-current liabilities		19,359	(3,947)
	₩	<u>(1,883,160)</u>	<u>123,104</u>

37. Operating Segments

The Company's operating businesses are organized based on the nature of markets and customers. The Company has four reportable operating segments - steel, construction, trading and others. The steel segment includes production of steel products and revenue of such products. The construction segment includes planning, designing and construction of industrial plants, civil engineering projects and commercial and residential buildings, both in Korea and overseas. The trading segment consists of exporting and importing a wide range of steel products and raw materials that are both obtained from and supplied to POSCO, as well as between other suppliers and purchasers in Korea and overseas. Other segments include power generation, network and system integration and logistics. The policies of classification and measurement on operating segments were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2020.

Segment assets, liabilities and profit (loss) are generally measured based on separate financial statements in accordance with K-IFRS of the subsidiaries that constitute reportable operating segments.

POSCO and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(a) Information about reportable segments for the three-month periods ended March 31, 2021 and 2020 were as follows:

1) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Steel	Trading	Construction	Others	Total
External revenues	₩	8,476,513	5,246,448	1,460,305	885,457	16,068,723
Internal revenues		4,548,655	3,977,018	197,167	626,334	9,349,174
Inter segment revenue		2,791,487	2,127,683	175,102	589,442	5,683,714
Total revenues		13,025,168	9,223,466	1,657,472	1,511,791	25,417,897
Segment profits		1,164,447	103,344	33,202	80,725	1,381,718

2) For the three-month period ended March 31, 2020

<i>(in millions of Won)</i>		Steel	Trading	Construction	Others	Total
External revenues	₩	7,105,453	5,055,675	1,618,924	765,761	14,545,813
Internal revenues		3,969,596	3,368,091	317,815	696,507	8,352,009
Inter segment revenue		2,745,676	1,638,499	292,565	639,095	5,315,835
Total revenues		11,075,049	8,423,766	1,936,739	1,462,268	22,897,822
Segment profits		285,140	77,915	102,690	113,109	578,854

(b) Reconciliations of total segment profit or loss, to their respective consolidated financial statement line items for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		March 31, 2021	March 31, 2020
Total profit for reportable segments	₩	1,381,718	578,854
Corporate fair value adjustments		(11,015)	(19,047)
Elimination of inter-segment profits		(231,924)	(125,149)
Income tax expense		420,780	225,745
Profit before income tax expense	₩	<u>1,559,559</u>	<u>660,403</u>

38. Events after the reporting period

Pursuant to the resolution of the Board of Directors on May 14, 2021, the Company decided to pay interim cash dividends of ₩ 3,000 per common share (total dividend: ₩ 226.9 billion).